

# Water Word



January 2015 Newsletter  
Winter Edition

## *President's Message*

Dear Shareholders/Customers,

As many of us have experienced in the past, the phrase "Water Conservation" has again become an integral part of our daily lives in 2014 California. From the amount of rainfall to date and the low reservoir capacities, it is expected that all State mandated Water Conservation legislation will continue throughout 2015. Therefore SMMWC will continue with its Stage II Conservation usage targets and Stage II Conservation rate structures. Currently, SMMWC is supplying our shareholders/customers with a combination of our "carry-over water" from the State Water system and an increase in production from our local resources. The SMMWC Board and Staff will continue to monitor the situation throughout the year and make adjustments as the State requirements are modified.

It is important to note that each month we are in Stage II Conservation, the SMMWC Board and Staff track the monthly usage and revenue so that the usage targets and rates remain comparable and equitable for all our users, Residential, Commercial and Irrigation.

The Board has scheduled a review of the Stage II Conservation usage targets and rates for the second quarter of 2015 and adjustments, if any, may occur after the review. When Stage II Conservation does end, the Board will consider adjusting the 2014 water, water usage, sewer and capital rates. **These new rate adjustments will only take effect once Stage II Conservation has ended.**

One very positive outcome of the implementation of Stage II Conservation is the increased awareness of our users in how water is used and where it is used. Many of you have come to the office asking "How do I read my meter" or "What is my usage per month". Many users are now looking at their irrigation systems, adjusting the time clocks and replacing the batteries if so equipped. I would like to say a hearty thank you and job well done to all of our Shareholder/Customers for their efforts in conserving our water resources.

I again sincerely thank our volunteer Board and our office and field staff for their excellent work in 2014 and look forward to continue working with each of you in 2015.

Sincerely,

A handwritten signature in black ink, appearing to read "John Delehant", with a long horizontal flourish extending to the right.

John Delehant  
President, SMMWC Board of Directors

## *How SMMWC Rates are Established*

The water rates for many Central Coast agencies are increasing 6% to 12% per year and are now comparable to SMMWC's and may exceed our rates in the future. These increases can be attributed to rising costs in employee benefits and pensions, increased operational costs, aging infrastructure, stricter regulatory requirements and new costs associated with acquiring supplemental water. The primary revenue source for many of these agencies is development fees or "hookup" fees. But as development has all but stopped, these agencies' rate payers must now assume the revenue burden. (This is the major difference in "why" SMMWC only modestly increases its rates.)

SMMWC's primary source of funding is from water and sewer services charged to its Residential, Commercial and Irrigation Shareholders/Customers. All of the revenue goes directly to the short term Operations and Maintenance (O&M) of our system as well as to long term Planning issues and Capital Replacement Projects (Reserves). The SMMWC Board of Directors sets your rates for these services annually based on adjustments to the Sewer Charges, Water Availability Charges, Water/Sewer Capital Replacement fee and the Water Usage rates. Every 5 years the SMMWC Board reviews the water usage rate structure/revenue model in order to maintain equality for each type of user group.

As a mutual water company each of the major customer groups; Residential, Commercial, and Irrigation, is slated to pay their fair share of the costs based on usage and impact on the SMMWC system. For example if residents as a group use half of the water supplied by the company, they should pay half of the cost. Similarly, if commercial generates one-third of the sewage they should pay one-third of the cost of providing sewer service. SMMWC rate structure reflects these goals.

In the past, the rate structure/revenue model was reviewed in 2007 and again, as scheduled, in 2012 in preparation of the 2012 budget. During the 2007 to 2012 period, SMMWC staff found that overall the Residential user group decreased their usage, while the Commercial users increased their water usage. These changes in the usage patterns warranted the addition of new usage tiers to the 2012 rate structure/revenue model in order to maintain the balance of revenue vs. usage for each user group.

The SMMWC Board sets the actual rates (charges) based on projections of Operations, Maintenance and Administrative expenses, State Water Delivery costs, proposed Capital Projects and the continued funding of our Capital reserves. The SMMWC Board plans to increase rates at a modest 4% per year. This increase can vary due to prior year usage (income) amounts or lower projected expenses.

For example, in 2008 there was a 2% increase. In 2009, 4% increase. In 2010, 0% increase. In 2011, 4% increase. In 2012 the addition of new tiers increased rates an average of 3%. In 2013 and 2014, 2% increase. For 2015, no new rate increases will be considered until Stage II Conservation has ended. Overall for the past 7 years, the SMMWC Board has kept the rate increase to a minimal 2.4% yearly average, which for the average Residential customer is about \$3.00 per month.

## *We've Moved*

For those of you who have not visited our new offices yet, we are located at **1561 Sparrow Street**, behind the Cal-Fire Station. Our mailing address has not changed. Customers can still save postage by placing their payments in our SMMWC drop box at the Lupine Canyon mailboxes across from Mallard Green or deliver their payments to our new office. The new office also has a payment drop slot next to the front door for afterhours use.

## Stage II Conservation - Early results

Through all the Conservation efforts of our customers and a lot of help from Mother Nature by way of some nice December rains, we achieved an **average overall reduction in water usage of 26% in October-December 2014 compared to October-December 2013.**

Comparing Residential, Commercial and Irrigation usages to the established Stage II Target usages for December 2014, the Residential usage was below target by 17%, Commercial usage was below target by 12% and the rains helped Irrigation usage stay way below target by 81%. It is very plain to see that Irrigation usage has a very large effect on our overall Conservation usage totals. As we continue into a dry 2015, it is important for all Residential and Commercial customers to continue with their Conservation efforts and especially monitor their Irrigation usage.

Here is a comparison of our Residential neighborhoods and the **percentage** of the neighborhoods customers that are in each Conservation usage category:

### For October 2014:

Neighborhood	% Below Target	% Inefficient	% Excessive	% Wasteful	% Negligent
Indian Hill	75	11	6	3	5
Pelican Point	66	16	12	7	0
Mallard Green	58	17	13	11	1
Heron Crest	37	14	14	9	26
H. C. Custom	58	5	5	12	20
Quail Canyon	32	36	23	5	5
Skylark Meadows	64	15	15	6	0
Silver Oaks	50	0	17	17	16
Kingfisher Canyon	62	7	10	13	8
AV Orchards	77	0	15	0	8

### For December 2014:

Neighborhood	% Below Target	% Inefficient	% Excessive	% Wasteful	% Negligent
Indian Hill	86	6	4	1	2
Pelican Point	58	14	19	5	1
Mallard Green	59	16	12	7	5
Heron Crest	71	6	8	6	8
H. C. Custom	83	0	0	8	8
Quail Canyon	64	17	5	9	5
Skylark Meadows	59	12	21	8	0
Silver Oaks	100	0	0	0	0
Kingfisher Canyon	66	15	14	4	1
AV Orchards	77	0	8	8	7

## ***Stage II Conservation - Early results (continued)***

For Commercial and Irrigation:

For the combined Commercial usage and the combined Irrigation usage, here is the percentage below target in October and December:

	October % of Target	December % of Target
Commercial	+2	+12
Irrigation	-12	-81

## ***Capital Projects completed in 2014***

In 2014, SMMWC completed the replacement of the sewer force main between Lift Station #2 and Lift Station #3. This was the last portion of the originally installed, 1968 era piping that ran along Avila Beach Drive from Ana Bay Drive into Wild Cherry Canyon. Another project completed in 2014 was the refurbishment of Lift Station#1. This project included applying a protective coating to the concrete on the inside of the 22 foot deep wet well. We replaced the check valves, valve vault and float controls. Also the 2-15 horsepower pumps were replaced with 2-6.5 horsepower energy efficient pumps.

## ***Capital Projects for 2015***

For 2015 our staff is focusing on Booster Station pump replacements which include removing older higher horsepower pumps and replacing them with lower horsepower, higher efficiency pumps. We also have scheduled a rebuilding of a pump at Lift station #3 to extend its service. A system wide project is connecting our Lift Stations, our Water Booster Stations and Treatment Plant to a SCADA telemetry system. This system will allow us to record data which will be used to maximize the efficiency of our system.

## ***SMMWC Web Site***

Please visit our web site at [smmwc.com](http://smmwc.com) for information regarding the status of Stage II Conservation. We also post basic contact information, office hours, past issues of our newsletters, Board agendas and minutes and other informative information. Feel free to browse the site and if you have any questions, please call our office, we will be happy to answer them.

## ***Drought Resistant Plants***

As we approach the spring months, many of you are beginning to plan replanting or redoing your landscaping. Please consider using some of the drought tolerant plants on the following list:

### **ANNUALS & BIENNIALS:**

Pot Marigold, Bachelor's Button/Cornflower, Mexican Aster, African Daisy/Cape Marigold, Blanket Flower/Indian Blanket, Marigold, Baby Blue Eyes, California Bluebell, Scarlet Flax 'Robrum', Farewell-to-Spring, California Poppy.

### **GRASSES:**

Indian Rice Grass, Purple Three-Awn, Pampas Grass, Blue Love Grass, April Gruin Sheep's Fescue, Muelleri's Fescue, Blue Fescue, Blue Oat Grass, Blue Rye, Canyon Prince Wild Rye, Lindheimer's Muhly, Deer Grass.

### **GROUNDCOVERS:**

Wooly Yarrow, California Sagebrush, Dwarf Coyote Bush, Japanese Garden Juniper, Aaron's Beards/St. John's Wart, Dwarf Rosemary, Wall Germander, Myoporum, Bearberry, Daisy/Dancing Daisy/Latin American Fleabane, Treasure Flower, Silver Pink, Blue-Eyed Grass, Lamb's Ear, Thyme, Cyclamen, Whirling Butterflies, California Evening Primrose, Mexican Evening Primrose, California Fuschia, Matilija Poppy, New Zealand Flax, Statice/Sea Lavender, Penstemon, Red Valerian.

### **SHRUBS:**

Smoke Tree, Bush Daisy, Licorice Plant, Lavender Cotton, Marigold, Bearberry, Heavenly Bamboo, Butterfly Bush, Western Red Bud, Rock Rose, Bush Morning Glory, Spotted Laurel, Manzanita, Lavender, Lion's Tale, Jerusalem Sage, Rosemary, Sage, Indian Mallow, Pacific Wax Myrtle, Pineapple Guava, Bottlebrush, Common Net Bush, Wax Flower, Tea Tree, Bush Anemone, Imperial Blue, Saffron Buckwheat, Canberra Gem, Long John, Wild Lilac, Coffeeberry, Prostrate Chamise, Cottoneaster, California Holly/Christmas Berry/Toyon, Breath of Heaven, Australian Fuschia, Monkey Flower, Flannel Bush/California Fremontia, Lantana, Vervain.

### **SUCCULENTS:**

Agave, Yucca, Hardy Ice Plant, Prickly Pear Cactus, Dudleyas, Stonecrop, Milkweed/Spurge, Aloe.

### **TREES:**

California Peppertree, Incense Cedar, Monterey Cypress, Madrone, Palo Verde, Coast Live Oak, California Buckeye, African Olive, European Olive, Foothill Pine, Showy Banksia.

## *Use SMMWC ACH debit*

A number of our customers use their Bank's or Credit Union's "Bill Pay" option. It is important to know that there usually is a Banking fee charged to the Customer and that their payment is not directly transferred to SMMWC. When using "Bill Pay" Customers accounts are immediately debited but the payment is held until just before the Customer's "pay by" date. Then their Bank sends a request to another check processing company to write the check to send to SMMWC. What a Customer believes is an electronic transfer of their payment, saving postage, still arrives at SMMWC by a paper check and the Customer is charged a processing fee.

Further, any type of interruption in the "Bill Pay" process may cause the payment to arrive late and be subject to a SMMWC late charge. Many of our Customers found this out the hard way over the Thanksgiving Holiday and weekend.

As an additional convenience to our Customers, SMMWC offers our **ACH auto debit payment program at no additional charge**. This method of payment allows SMMWC, through our Bank, to directly debit Customer payments through Customer checking accounts. SMMWC submits all ACH debits on the 15th of each month so there is no worry of getting a late charge from SMMWC. Please inquire at our office for more information.



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