

# Water Words



January 2016 Newsletter  
Winter Edition

## *President's Message: The Ying & Yang of Water Conservation*

Dear Shareholders/Customers,

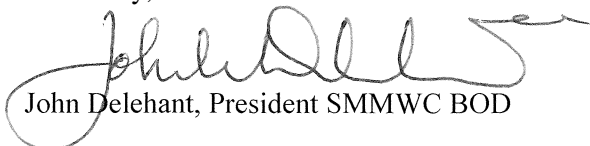
Our sincere thanks to the vast majority of you for exceeding your conservation goals in compliance with State oversight. In 2015 you reached +/- 30% reduction in Residential and Commercial usage with a +/- 70% irrigation reduction. Most have "relearned" their irrigation systems and repaired or updated by doing the preventative work of repairing leaks in the valves, tubing, irrigation heads and servicing or updating timer systems. **However, please note that the harbinger of 2016 being an El Nino year was met by State Water announcing a 10% delivery of allotments and the anticipation of a continuance of 25% enforced Stage II Conservation for at least six months. Given the amount of fixed and other costs, SMMWC sustained an anticipated loss of sewer and water income.**

In 2016 Water Conservation of 25% must continue to be an integral part of our daily life in California. Your Board has unanimously adopted a revised rate structure which will allow our customers to better estimate their monthly usage charges. This will be in effect whether we are in State mandated Conservation or not. Under this new rate structure, the SMMWC Board and Staff will continue to monitor the monthly usage to ensure that we meet any State requirements for reduced water usage. **Please note well, that if at any time water usage exceeds State requirements, then the 2015 usage targets and Stage II Conservation rate structures must be reestablished, either as to individuals or for all our customers as a whole, thus assuring the current Conservation goals are met.**

For those of you that have not heard, nor read under "shareholder information" on SMMWC.COM, on 09/16/15 your wastewater treatment future was discussed by various Regulatory officials. On 11/18/15 Garing Taylor representatives discussed and presented their Report on your future water needs. On 12/16/15 detailed financial and management reports were reviewed, discussed and your BOD unanimously voted for an averaged 15% increase for 2016. **Please carefully review the following pages to fully understand the necessity for this increase. The comparison of appropriate rates is as compelling as is our long history of modest increases relative to our accurately anticipated future needs.**

Even more than in prior years, I sincerely thank our Volunteer Board and our Staff, both in the office and the field, for their excellent work in 2015; and, the BOD looks forward to the challenging work of 2016 with each of you.

Sincerely,

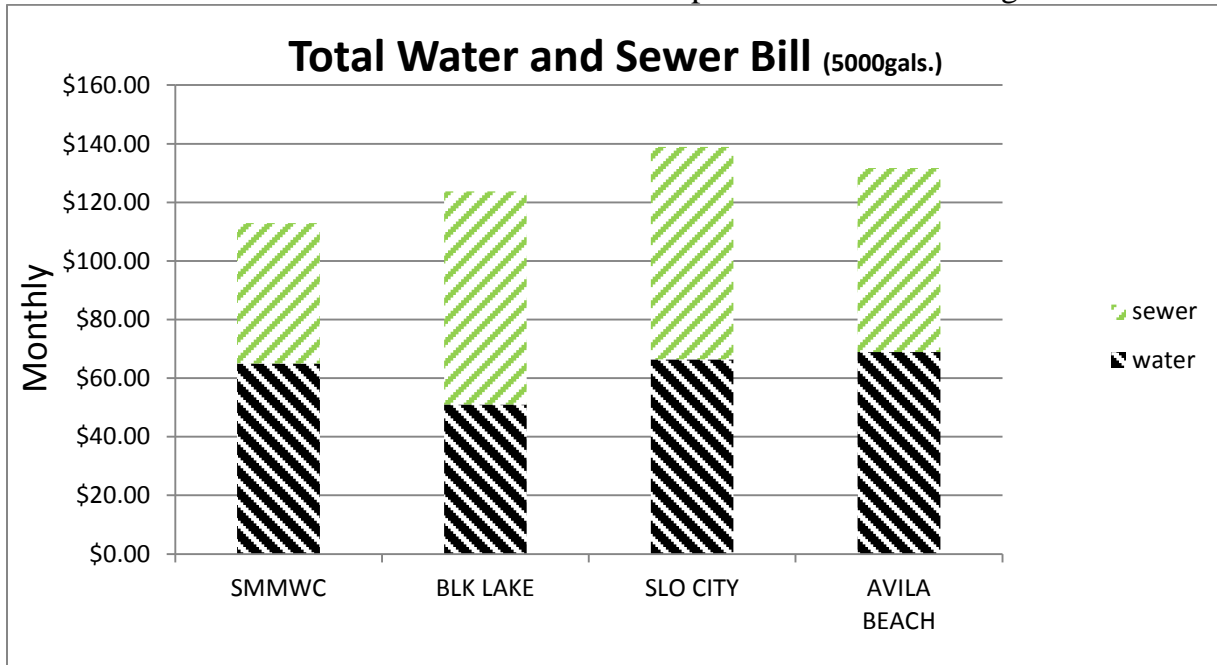


John Delehant, President SMMWC BOD

## How SMMWC Rates Compare

The water and sewer rates for many Central Coast agencies are increasing 8% to 25% per year and now exceed our rates. Prior to the drought, yearly rate increases were 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 drought and the subsequent conservation usage restrictions have added another factor. Overall usage has decreased, which has decreased the overall revenue for all of these agencies.

The Chart below shows how SMMWC rates compare with other local agencies:



## 2015 Stage II Conservation Efforts (Jan 2015 – Dec 2015)

Overall % Reduced is the reduction from 2012-2013 historic usage

Residential	Overall % Reduced
Indian Hill	35
Pelican Point	30
Mallard Green	23
Heron Crest	4
H. C. Custom	39
Quail Canyon	22
Skylark Meadows	33
Silver Oaks	40
Kingfisher Canyon	28
AV Orchards	23
HOA Irrigation	83

Commercial	Overall % Reduced
Commercial	28
Commercial Irrigation	47

2014 Usage = 55 million gal  
 2015 Usage = 42 million gal

## *How SMMWC Rates are Established*

### **Funding and User Groups** -

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.

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. The 2016 SMMWC rate structure reflects these goals.

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. This increase can vary due to prior year usage (income) amounts or lower projected expenses.

### **Rate Review and Rate Increase History** -

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. In general, SMMWC had planned to increase rates at a modest 4% per year in order to keep up with increasing Operational costs and to build reserves. In the past, the rate structure/revenue model was reviewed in 2007 and again, as scheduled, in 2012 in preparation of the 2012 budget. In 2014 and 2015, State Conservation mandates required SMMWC to enact Stage II Conservation measures and develop a new rate structure based on historic neighborhood usage targets.

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. 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. For 2015, no new rate increases were considered due to Stage II Conservation.

### **2016 Rates** -

The considerations for establishing the new 2016 rates were:

- Balancing the revenue vs. usage groups.
- Eliminating the Target based usage structure.
- Revising the tiers based on the Customer usage patterns as seen in 2014-15 Conservation.
- Keep Customer usage below the State mandated usage requirements.

For 2016, the rates on average are increasing 15% for water and 15% for sewer. For the average residential customer this means their overall water and sewer bill will increase about \$15 per month.

**\*\*\*It is important to note that these average increases are compared to the 2014 rate structure. Not on top of the 2015 Target based rate structure.\*\*\***

## *New 2016 Rates*

# **SAN MIGUELITO MUTUAL WATER COMPANY RATE SCHEDULE 2016**

### **RESIDENTIAL - Shareholders**

Water Rates	Monthly Availability Charge (includes capital reserve) 5/8", 3/4" & 1" residential meters	\$45.90
	Monthly Usage Charges (per 100 gallons)	
	0 gal. to 1500 gal.	\$0.000
	1,500 gal. to 10,000 gal.	\$1.100
	10,000 gal. to 50,000 gal.	\$1.350
	50,000 gal. & over	\$1.450
Sewer Rates	Monthly Availability Charge (includes capital reserve)	\$54.50

### **COMMERCIAL, IRRIGATION & CONSTRUCTION - Shareholders**

Water Rates	Monthly Availability Charge (includes capital reserve)	
	3/4" or smaller meter	\$68.85
	1" meter	\$114.75
	1 1/2" meter	\$229.50
	2" meter	\$367.20
	3" meter	\$668.50
	4" meter	\$1,009.80
	6" meter	\$2,295.00
	8" meter	\$3,672.00
	Monthly Usage Charges (per 100 gallons)	
	0 gal. to 1500 gal.	\$0.000
	1500 gal. to 3500 gal.	\$1.100
	3500 gal. to 15000 gal.	\$1.350
	15000 gal. to 50000 gal.	\$1.450
Commercial Sewer Rates	Per 3000 gal. Water Usage ( <u>minimum</u> charge \$47.02 - includes capital reserve)	\$54.50

### **CAPITAL RESERVE FEE - Shareholders**

Monthly Undeveloped Shares (per share)	\$30.00
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## *Capital Projects completed in 2015*

In 2015, SMMWC completed the Booster Station pump replacements which include removing older, higher horsepower pumps and replacing them with lower horsepower, higher efficiency pumps. These replacements have reduced our electrical usage nearly 30%. Another project completed in 2015 was the rebuilding of a pump at Lift Station#3 which will extend its service for the years to come. We also continued a system wide project of connecting our Lift Stations, our Water Booster Stations and Treatment Plant to a SCADA telemetry system. This system will allow us to monitor and record data which will be used to maximize the efficiency of our system.

## *Capital Projects for 2016*

For 2016 our staff is focusing on realigning the effluent line from our Waste Water Treatment Plant to our disposal ponds. This will include a new Mag Meter for reading the flows. We have also scheduled the replacement and upgrade of our Water Treatment Plant Disinfectant System Monitoring Equipment. We will continue our system wide project to connect our Lift Stations, Water Booster Stations and Treatment Plant to the SCADA telemetry system.

## *SMMWC Web Site*

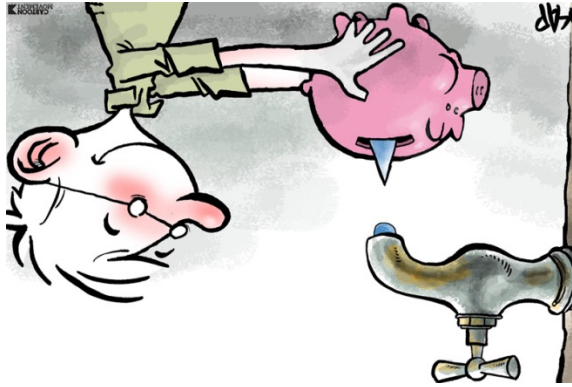
Please visit on our website at [smmwc.com](http://smmwc.com) for all the latest information on Conservation, Meeting Schedules and Minutes, Newsletters and Consumer Confidence Report. If you need help with the navigation of our website give us call at 595-2348 ext. 105 or 102 and we can help guide you through.

## *Use SMMWC ACH debit*

A number of our customers use their Bank's or Credit Union's "Bill Pay" option. There usually is a Banking fee charged to the Customer and 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. Their Bank then sends a request to a check processing company that prints and mails the check 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 Bank or Credit Union charges the Customer a processing fee.

Any type of interruption in the "Bill Pay" process, such as transactions requested on Saturdays, Sundays, or holidays when the bank or credit union are closed or there is no USPS delivery due to holiday closure, 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 a convenience to our Customers, SMMWC offers **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. Our auto-debit form is available on our website: [www.smmwc.com](http://www.smmwc.com) for downloading and printing. Please contact our office if you have any questions.



If your shower fills a one-gallon bucket in less than 20 seconds, replace the showerhead with a low flow labeled model.

Toilet leaks are silent! Be sure to test your toilet at least once a year by putting a couple of drops of food coloring in the tank, wait a few minutes and check the bowl. If there is color in the bowl, your toilet has a leak.

Sewer pipes are designed to carry only three types of waste: wastewater, human body waste and toilet paper. If it isn't one of these, it doesn't belong in the sewer.

## SMMWC CONSERVATION TIPS



A mutual water company serving the San Luis Bay Estates Area  
Post Office Box 2120 – Avila Beach, CA 93424-2120  
Phone: 805-595-2348  
[www.smmwc.com](http://www.smmwc.com)

### **Board of Directors**

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Ben Banks, Vice President  
Gerri Hall, Secretary  
Tom Athey, Financial Officer  
Victor Montgomery, Director  
Rick Koon, Director  
Rob Rossi, Director