



# STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561  
(661) 822-3268, FAX (661) 822-1878, [sscsd@stallionspringscsd.com](mailto:sscsd@stallionspringscsd.com)

## AGENDA SUPPORTING INFORMATION

Agenda #10

- Subject:** Approval to make adjustments to the Bambi Equestrian Trail.
- Submitted by:** David Aranda, General Manager
- Meeting Date:** May 21, 2019
- Background:** The property at 17480 Bold Venture had a noncompliance lien placed on the property due to an encroachment on the equestrian easement. The background for this issue involves the fact that new owners bought the property and through a dispute on where the Bambi Trail was in relation to the property, the District had the equestrian trail surveyed. It was then duly noted that a portion of the patio and sheds were on the trail which had occurred with the prior owner.
- The owner of the property failed to resolve the problem in a timely manner so the noncompliance lien was placed on the property. A few months ago, I was contacted by an attorney representing the Title Company who wished to resolve the problem. I presented all the information to the attorney and received a response that is attached.
- The District has taken the position of NOT ABANDONING EQUESTRIAN EASEMENTS unless there is a compelling reason to. In this case I believe that there is a compelling reason to abandon the small portion of the equestrian easement as noted on the map attached. First, that portion of the trail is not rideable because of the patio and the terrain, and second, there is an adjoining 25-foot easement that borders the area we are talking about that would still allow room for equestrian riders and hikers to travel safely through the Bambi Trail System.
- Recommendation:** Motion to sell the portion of the trail for \$5000 plus all expenses to the owner of 17480 Bold Venture and the owner agrees to see that the Bambi Trail is clear of anything that impedes the trail system around their property.

## Vanessa Stevens

---

**From:** David Aranda <daranda@stallionspringscsd.com>  
**Sent:** Tuesday, April 30, 2019 1:20 PM  
**To:** vstevens@stallionspringscsd.com  
**Subject:** Fwd: Barnes S023-0304915-18  
**Attachments:** StallionSpringsFinal.pdf; Untitled attachment 00004.htm

Based on purchase price  
pic

Sent from my iPhone

Begin forwarded message:

**From:** "Richard D. Marks" <rdmarks@rdmpc.com>  
**Date:** April 30, 2019 at 12:55:12 PM PDT  
**To:** daranda@StallionSpringscsd.com  
**Cc:** Kyle Barnes <kylebarnes7348@icloud.com>, Eleanor Sharoe <esharpe@stewart.com>  
**Subject:** Barnes S023-0304915-18  
**Reply-To:** RDMarks@rdmpc.com

120 x 25  
3125 ÷ 5000  
1.6 A

Mr. Aranda:

Following up on our conversation of a few weeks ago, we have reviewed the county's survey, had our own surveyor review same, and have received authority to resolve the matter.

In return for a payment to the Stallion Springs Community Services Agency ("the agency") of the sum of \$5,000.00, the agency would:

1. Provide a recordable Resolution from the Board approving the relinquishment of the easement that encumbers the rear portion of the Barnes' property as described and depicted in the attached;
2. Execute either a revocation of the dedicated easement that encumbers the Barnes' property or a Quitclaim Deed executed by the appropriate member of the Board quit claiming to Mr. Barnes the area described.

The survey you commissioned was very helpful and our research and investigation revealed that the 25 feet of the easement that encumbers Lot 88, Block "EE" , TR. 3445, immediately adjacent to and behind Lot 75, is greater than required for horses to use the trail. Fifty feet was very large and, as you already know, when Mr. Barnes purchased his property, the wrought iron fences and metal shed on the slab already existed as well as the gravel driveway.

Please review the offer contained herein and get back to me at your earliest reasonable convenience.

And thank you for your cooperation and assistance in attempting to resolve the matter. We appreciate your courtesy.

EXHIBIT "A"

Legal Description of Equestrian Easement to be Quitclaimed

All of that certain 25 foot wide Equestrian Easement over Lot 75, Block EE of Tract No. 3445, in the County of Kern, State of California, as dedicated to the Stallion Springs Community Services District on map recorded in Book 20, pages 166 through 200, inclusive, and in Book 21, pages 1 to 61, inclusive, of Maps, in the Office of the County Recorder of said county.

*As shown on Exhibit "B" attached hereto*

Prepared under my supervision:

David O. Knell      4-24-2019

David O. Knell PLS 5301

Date



# EXHIBIT "B"

¢ BOLD

VENTURE

DRIVE



AREA DESCRIBED  
IN EXHIBIT 'A'

TR. NO. 3445  
BLOCK EE  
LOT 75



SCALE: 1"=50'

25.00'  
25.00'  
25.00'

TR. NO. 3445  
BLOCK EE  
LOT 68



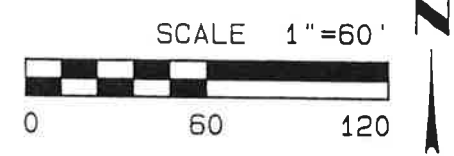
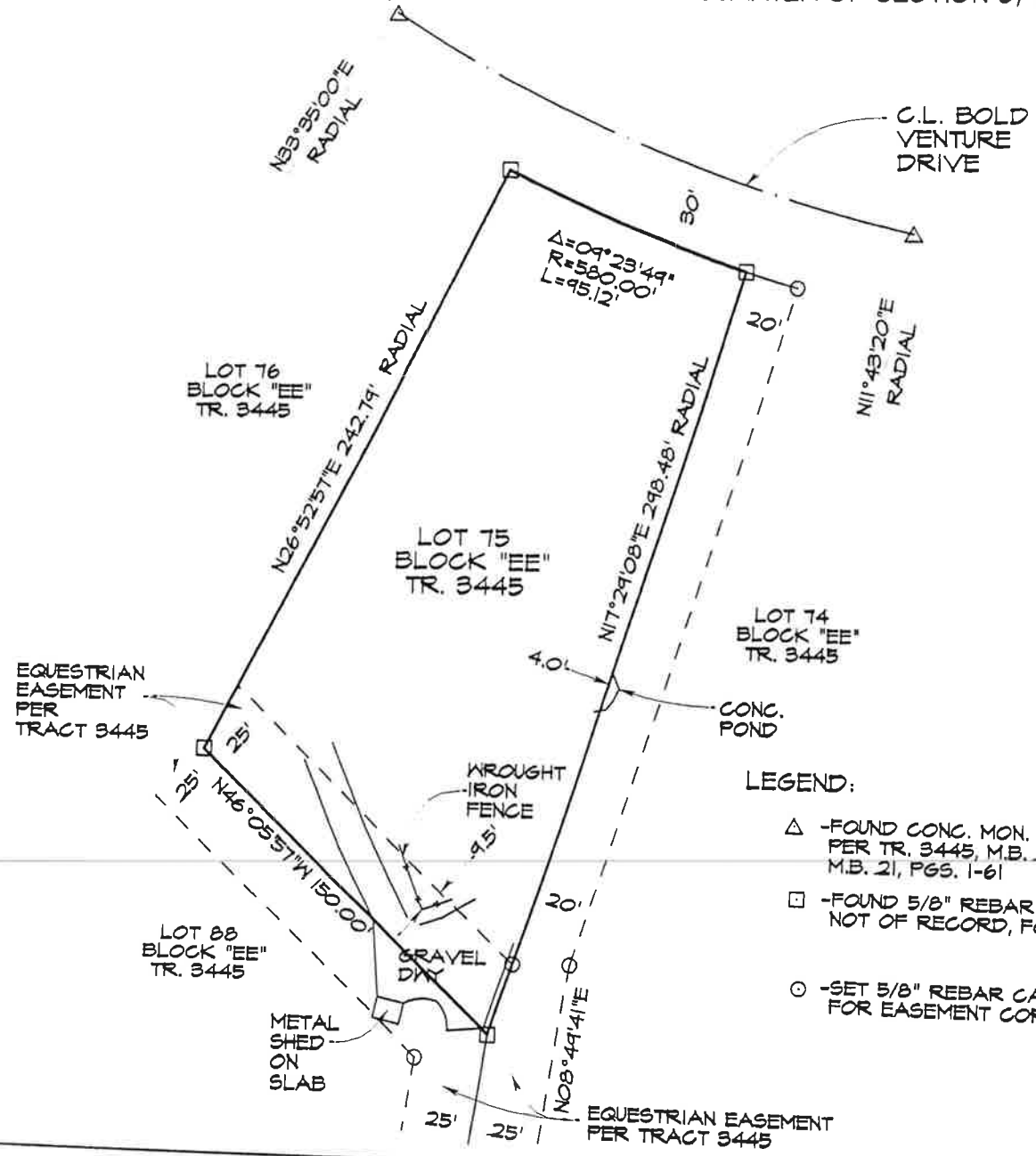
13191 CROSSROADS PARKWAY NORTH, SUITE 405  
INDUSTRY, CA. 91746-3467  
(562) 908-8200

SCALE: 1"=50' DATE: 4-23-2019

DRAWN BY: SCB CHECKED BY: DOK

SKETCH TO ACCOMPANY  
LEGAL DESCRIPTION

**SURVEY PLAT OF LOT 75, BLOCK "EE", TRACT 3445,**  
 MAP BOOK 20, PAGES 166-200 & MAP BOOK 21, PAGES 1-61, OFFICE OF THE RECORDER, COUNTY OF KERN,  
 STATE OF CALIFORNIA, LYING WITHIN THE S.E. QUARTER OF SECTION 6, T.11 N., R.16 W., S.B.M.



PREPARED BY:  
 ROBERT G. HOGUE, L.S. 4744  
 P.O. BOX 664  
 TEHACHAPI, CA. 93581  
 DATE OF FIELDWORK: 6-05-18

NOTE: EASEMENTS, ENCROACHMENTS  
 AND/OR OVERLAPS MAY EXIST AND  
 NOT BE SHOWN HEREON.



6-16-18

**LEGEND:**

- $\Delta$  - FOUND CONC. MON. TAGGED RCE 5053 PER TR. 3445, M.B. 20, PGS. 166-200 & M.B. 21, PGS. 1-61
- $\square$  - FOUND 5/8" REBAR CAPPED LS 2863 NOT OF RECORD, FOR PROP. CORNER
- $\odot$  - SET 5/8" REBAR CAPPED LS 4744 FOR EASEMENT CORNER



# STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561  
(661) 822-3268, FAX (661) 822-1878, [sscsd@stallionspringscsd.com](mailto:sscsd@stallionspringscsd.com)

## AGENDA SUPPORTING INFORMATION

Agenda #11

**Subject:** Approval to expend \$3,100 for QK to meet with Kern County and prepare a conceptual plan for a new solid waste transfer site.

**Submitted by:** David Aranda, General Manager

**Meeting Date:** May 21, 2019

**Background:** About one month ago the County performed an inspection of the District's solid waste site along with an inspection of the green waste site that District had established off Jack's Hill. The County then shut the Green Waste site down because the District did not have a permit to operate the site and because upon inspection of the site they found treated wood in the green waste.

This incident allowed me to meet with various representatives from Kern County in regard to our overall solid waste site. The meeting revealed that Stallion is not in violation of the permit in regard to the amount of solid waste it is sending to the land fill but Stallion is in gross violation of the items that are being placed in the 50-yard bins and going to the landfill. The county is spending a good amount of time removing items from out bins when the bins reach the landfill.

With that said it is a matter of time before the District will be cited for various violations in regard to what is being hauled out of Stallion Springs. The District has attempted to contact and fine people that are violating the law by placing non approved items in the bins but we are still finding the problem continues.

With this issue, the possibility of significant fines along with the fact that the District now owns property outside of Stallion on Pelliser Rd. I am recommending that the District explore the possibility of developing a new solid waste transfer site. What we envision at this time is dumpsters for household waste, specific bins for recyclable items along with a site for e-waste, mattresses and other material that should be separated. The site would be gated and manned with certain hours that it would be open to accept solid waste.

This is a big change to the current method of handling our community's solid waste but if we do not start pursuing this method, I believe there will be financial consequences for numerous violations in the future.

**Recommendation:** Approve expending \$3,100 for a conceptual plan of a new solid waste site located on Highline and Pelliser Rd.

## **Waste Site Statistics as of 4/29/19**

**14** Warnings were sent on **11/05/18**

**29** Warnings were sent on **11/20/18**

**9** Tickets were sent between **12/12/18 & 1/24/19**

**10** Warnings were sent on **1/24/19**

**1** Ticket and **5** Warnings were sent on **2/19/19**

**4** Tickets and **12** Warnings were sent on **3/1/19**

**7** Tickets and **16** Warnings were sent on **4/25/19**

### **Totals:**

**21** Tickets and **86** Warnings total were sent between **11/5/18** and **4/25/19**

As of **4/29/19** **\$800.00** has been received in fines with **\$1,100.00** in fines outstanding.





5080 California Avenue, Ste. 220 | Bakersfield, CA 93309

May 13, 2019

David Aranda  
Interim General Manager  
Stallion Springs Community Services District  
27800 Stallion Springs Drive  
Tehachapi, CA 93561

**Subject:** Proposed Solid Water Transfer Station Concept Plans

Dear David:

We are pleased to have the opportunity to assist the Stallion Springs Community Service District (District) with evaluating the proposed new waste transfer site. The following proposal is provided for your consideration.

### **PROJECT UNDERSTANDING**

Based on our phone calls and our site visit on May 8, 2019, we understand that the District would like to relocate their waste transfer site to a new site and increase the waste disposal services offered at the site.

Currently, the existing site transfers about 6 bins of residential waste each week. However, the existing site has been experiencing issues with unauthorized waste disposal materials at the site and disposals in the public right of ways within the District. The District staff have met with the Kern County Solid Waste staff to review concerns with the current operation and potential solutions.

The District is looking at a new site that would provide for disposal of residential waste, green waste, e-waste, and appliances. The proposed new site is located on Highline Road just east of Pellisier Road which also includes an existing concrete slab. The existing concrete slab will be incorporated into the new site.

The District has requested that QK provide a proposal to develop a concept plan for the new site.

### **APPROACH/SCOPE OF SERVICES**

The following scope of services, schedule and fee estimate is provided to develop a concept plan for the proposed new waste transfer site.

#### **TASK 1.0 CONCEPT PLAN DEVELOPMENT**

QK will provide the following subtasks in order to develop a concept plan for the project.

##### ***Subtask 1.1 Meetings with the Kern County Solid Waste and District staff***

QK will meet with Kern County Planning, Environmental, and Solid Waste (County) staff, SSCSD staff and Waste Management, Inc. staff to review the concerns with the current District operations and recommended solutions and/or services to be provided at the new site. QK will prepare a memo for review by all attendees to confirm services to be provided at the proposed new site.

**Subtask 1.2 Concept Plan**

Following our meeting in Subtask 1.1, QK will develop an initial concept site plan for the District to consider. Based on the input from the District, QK will develop a final concept plan for use by the District. QK will use existing available aerial imagery to develop the concept site plans. The plans will be prepared in AutoCAD Civil 3D 2017 on 24"x36" sheets and also provided in PDF format.

Deliverables:

Notes from meeting with the County (Subtask 1.1); Initial concept plan and final concept plan (Subtask 1.2) on 24"x36" size sheets and in PDF format

**SCHEDULE**

The tasks described above will be provided in accordance with the following schedule.

Task	Description	Duration
1.0	Concept Plan Development	15 working days
<b>Total Duration</b>		<b>15 working days</b>

**FEE ESTIMATE**

The proposed tasks described in the scope of services will be provided for the following estimated fee on a Time and Materials basis.

Task	Description	Fee Type	Fee Amount
1.0	Concept Plan Development	T&M	\$3,100
<b>Total Estimated Fee</b>			<b>\$3,100</b>

**Notes:**

1. Expenses for reproduction, mailing, mileage, etc. are billed separately per our attached Charge Rate Schedule.
2. All fees will be invoiced monthly based on the level of effort in terms of hours relative to our Charge Rate Schedule.
3. When a Task is set on a time-and-materials fee basis, it signifies that it is not possible to accurately predict the amount of work effort required typical of on-call type services. QK will work with the client to set expectations where applicable.

**AUTHORIZATION**

In order to authorize services described herein, please sign the attached Professional Services Agreement and send it back to us. Typically, we can begin our services within 5 business days of the time authorization is received depending on client need and schedule constraints.

**EXCLUSIONS AND ASSUMPTIONS**

This proposal was prepared based on the assumptions and exclusions presented in the above scope of work. Any other services not specifically described in the proposal above are not included in the scope of work.

Stallion Springs Community Services District  
May 13, 2019

Page 3 of 3

Thank you for the opportunity to present this proposal for the District's consideration. If you have any questions or would like to review the proposal with us, please contact Nate Meeks at (661) 616-2600.

Sincerely,



Nathan D. Meeks, PE  
Bakersfield Branch Manager



Jeffery S. Cowart, PE  
VP of Municipal Services & Quality Control

Enclosures: Professional Services Agreement  
Charge Rate Schedule

cc: File

P190317  
JSC/NDM



# STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561  
(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

## AGENDA SUPPORTING INFORMATION

### Agenda #12

**Subject:** Approval to expend up to \$50,000 to dredge and clean Horsethief Lake.

**Submitted by:** David Aranda, General Manager

**Meeting Date:** May 21, 2019

**Background:** Last summer the Board approved expending \$30,000 to clean up the lake but in contacting a vendor, his fear was that the lake would not have enough time to dry out so that heavy equipment could operate without getting stuck.

It would be my recommendation that in June we attempt to drain a portion of the lake and let it dry out so that we can have a vendor move heavy equipment that would "bowl" out the sand and dirt and remove growth. I am hesitant to say that the entire lake can be done this summer due to timing and costs but we would do as much as possible so that the fall and winter rains would refill the lake.

A project like this was done a number of years ago and was successful. It can be done but what we do not know is the extent of work due to the current disrepair of the lake.

**Recommendation:** Approve expending up to \$50,000 to clean up Horsethief Lake.



# STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561  
(661) 822-3268, FAX (661) 822-1878, [sscsd@stallionspringscsd.com](mailto:sscsd@stallionspringscsd.com)

## AGENDA SUPPORTING INFORMATION

### Agenda #13

**Subject:** Board approval of Resolution 2019-13 Establishing Procedures for a Proposition 218 Majority Protest Hearing: Calling for a Majority Protest Hearing on an increase in the District's sewer rates; and the adoption of a policy for future increases in these charges.

**Submitted by:** David Aranda, General Manager

**Meeting Date:** May, 21, 2019

**Background:** The Board approved an engineered study in regard to wastewater rates. Attached is a copy of the study.

As noted in the budget discussion the district is looking to breakeven for the next fiscal year in wastewater operations. Considering the operating costs that include state mandated testing, chemicals, repairs and manpower the cost to operate the wastewater plant will only increase.

The other issue that we are dealing with is an aged wastewater plant that requires improvements, i.e. lift station that required a loan at a cost of over \$500,000, aerators on the plant at \$20,000 and unknown requirements in improvements the State may impose due to the renewal of our NPDES permit which involves the quality of water that the wastewater plant places in Chanac Creek.

This ASI is asking the Board to approve the attached Resolution which will propose rates effective in August of 2019. By the Board approving the Resolution a mailing will go out to wastewater users informing them of the proposed rate increases and allowing them to protest the increases.

A public hearing will be held at the July 16, 2019 Board Meeting and assuming there are not a majority of protests the Board can approve the recommended rate or a rate below the recommended rate increase.

**Recommendation:** Approve Resolution No. 2019-13. (Please read the title of the Resolution as part of the motion).

**BEFORE THE BOARD OF DIRECTORS OF THE  
STALLION SPRINGS COMMUNITY SERVICES DISTRICT**

Resolution No. 2019-13

**RE: RESOLUTION ESTABLISHING PROCEDURES FOR A PROPOSITION 218 MAJORITY PROTEST HEARING; CALLING FOR A MAJORITY PROTEST HEARING ON AN INCREASE IN THE DISTRICT'S SEWER RATES; AND THE ADOPTION OF A POLICY FOR FUTURE INCREASES IN THESE CHARGES**

**WHEREAS**, through the adoption of Proposition 218, which added Article XIII D, Section 6 to the State of California's Constitution, public agencies are now required to hold a "majority protest" hearing before they may adopt an increase in certain property related fees and charges; and,

**WHEREAS**, while Article XIII D, Section 6 imposes certain procedural and substantive requirements for such increases, namely the need for a majority protest hearing, the Article is conspicuously silent on many logistic issues associated with providing that hearing; and,

**WHEREAS**, in accordance with the authorization found in Government Code section 61100, the District provides sewer services within District; and,

**WHEREAS**, in accordance with the authorization found in Government Code sections 61060, 61100 and 61115, the District has previously adopted billing practices and sewer rates for providing commercial and residential sewer service; and,

**WHEREAS**, the Board has determined that the District's sewer rates are in need of an adjustment to better reflect the costs of providing those services to the District customers; and,

**WHEREAS**, in accordance with the provisions of Government Code section 53756, the District is authorized to adopt a schedule of automatic adjustments that pass through increases for inflation; and,

**WHEREAS**, the Board has determined that it is in the best interests of the District's landowners and residents to exercise the authority provided by Government Code section 53756 because such an exercise will allow the District to meet inflationary cost increases while also reducing certain administrative costs; and,

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE STALLION SPRINGS COMMUNITY SERVICES DISTRICT** does hereby resolve, declare and order as follows:

- 1) **Statement of Legislative Intent.** It is the District's intent in adopting this Resolution, to adopt and call for "majority protest" proceedings which are consistent, and in compliance, with Article XIID, Section 6 of the California Constitution. In that regard, the District intends to properly notice and hold a public hearing at which time members of the public will be invited to provide comments and written protests if they so choose.
  
- 2) **Subject Rates.** The following proposed sewer rates and future rate increases shall be the subject of the "majority protest" proceedings herein called for. No other District rates shall be affected by this proposal.

Table 3-1 Current Sewer Rates

Account Type		Bimonthly Charge
Residential		\$85.48
Commercial	By fixture:	
	First toilet	\$36.98
	Each additional toilet	\$24.19
	Each washing machine	\$36.98
	Each Dishwasher	\$36.98
	Garbage disposal per hp	\$36.98
	Flow exceeding 4000 cf: \$/1000 cf	\$24.17

Table 4-1 Proposed Residential Sewer Rates

Bimonthly Charges	
Year	Rate per Residence
FY 19/20	\$140.86
FY 20/21	164.68
FY 21/22	182.55
FY 22/23	186.95
FY 23/24	191.43

Table 4-2 Proposed Commercial Sewer Rates

Year	Unit Charge	Per each Toilet	Per each Washing Machine	Per each Dishwasher	Per hp for ea. Garbage Disposal	Flow Exceeding 4000 CF, per 1000 CF
FY 19/20	\$21.08	\$39.86	\$60.94	\$60.94	\$60.94	\$39.83
FY 20/21	24.64	46.60	71.24	71.24	71.24	46.56
FY 21/22	27.31	51.66	78.97	78.97	78.97	51.62
FY 22/23	27.97	52.91	80.88	80.88	80.88	52.86
FY 23/24	28.64	54.17	82.82	82.82	82.82	54.13

**Note:** there is no change in existing policy related to sewer charges for water usage over 4,000cf.

**A. Future Fee Increases and Establishment of Policy.** In addition to the rate increases herein mentioned, the District proposes, and will in the future implement the following sewer rate increase policy if a less than a majority of those entitled to protest do so. Under this proposed policy, the Board may (but is not required to) raise the above mentioned rates on or about July of 2020 and each year following thereafter until July of 2024. The increase shall be no more than the CPI increase over the previous 12 months as indicated through comparisons of the Consumer Price Index, All Urban Consumers, All Items Index, Western Cities with populations between 50,000 and 1,500,000 (the "CPI-U"). The increase will be permitted without the need for a majority protest hearing. If the listed Consumer Price Index is removed from publication, or otherwise unavailable, the Board shall adopt and follow an Index that is reasonably comparable. Additionally, in any given year the Board may choose to raise the rates less than the CPI increase, or not at all.

**B. Effective Date of Proposed Charges.** While the rate increases and policies herein provided for will become effective immediately upon their adoption by the voters and the Board, those rates will not be charged for services provided prior to the District's June 2019 meter read. Therefore, if adopted, the rates will not appear on a customer's bill until August 2019.

**3) Protest Proceedings.** The following procedures have been developed in order to comply with the provisions of Article XIID, Section 6 of the California Constitution and shall be followed by the District in the public presentation of the proposed increases and associated policy herein mentioned.

**A. Notice.** The following guidelines shall be followed in providing notice of the majority protest hearing and the proposed increases on charges herein mentioned.

1. Notice will be mailed to each landowner, as reflected in the last equalization property tax roll, whose property currently receives sewer service from the District. If the roll shows more than one owner at a single address, only one notice will be mailed to that address. If the property tax roll indicates more than one owner at separate addresses, notices will be mailed to the owners at those separate addresses. However, only one protest shall be counted for each individual parcel. If the property is held in trust the notice shall be sent to the trustee as reflected in the roll.
2. The general form of notice is attached to this Resolution as Exhibit A and shall be provided by this section and in accordance with Article XIID, Section 6 of the California Constitution.
3. The final as adopted notice shall be sent at least forty-five (45) days prior to the date set for the public hearing.
4. The District will post in the District office during the 45 day notice period, a notice that a public hearing is being held on the matters herein provided for. The notice shall indicate the time of the public hearing, the proposed rate, the reason for the increase and the right of landowners to file a written protest.
5. Failure of any person to receive notice shall not invalidate the proceedings.



**B. Public Majority Protest Hearing.** In accordance with Article XIID, Section 6 of the California Constitution, a public majority protest hearing shall be commenced to receive public comments and written protests on the matters herein provided for. The hearing is set to be held at 6:00 pm on July 16, 2019 at the Stallion Springs Community Services District office, 27800 Stallion Springs Dr., Tehachapi, CA 93561. The hearing will follow the procedures set forth herein:

1. At the public hearing, the District's Board of Directors shall, until the close of the public hearing, hear public testimony and consider all written protests regarding the matters herein provided for.

2. The President of the Board of Directors may impose reasonable time limits on both the length of the hearing and the length of each speaker's testimony.

3. The Board of Directors may continue the hearing as they deem appropriate.

4. For a protest to be received and counted for the purposes of the majority protest it must be provided in writing to the District before the close of the public hearing. Oral protests at the hearing will not be counted unless they are accompanied by a written protest. This requirement is created by the District's legal need to maintain a verifiable paper trail.

5. For a written protest to be accepted and counted it must contain the following:

- a. The identity of the parcel represented by the protest;
- b. The name and address of the protestant;
- c. A statement illustrating the protestant's legal relation to the parcel such as owner, trustee, etc.;
- d. A signed statement, containing an original signature, indicating that the writing is to be considered a written protest on behalf of the parcel.

While it is not required that a protest be affixed to a form provided by the District (so long as it contains the required information listed above), the District will provide a protest form to those requesting one in person as a courtesy.

6. At the conclusion of the hearing, or shortly thereafter, a disinterested party designated by the District's Board of Directors shall begin the tabulation of the written protests, including those received during the public hearing. Presently the disinterested party designated by the District's Board of Directors is the District's General Manager, Mary Beth Garrison. However, the District's Board of Directors reserves the right to change that designation in the future if the Board desires.

7. Only one protest will be counted for each service address and/or parcel.

8. If according to the final tabulation of the written protests, a pure majority of those entitled to protest do so, the District's Board of Directors shall not impose the billing adjusts and increase policies herein provided for. However, if a pure majority does not protest, the Board of Directors will adopt the billing adjustments and increase policies herein provided for.

9. The results of the tabulation shall be posted at the District's office and read into the minutes of the first regularly scheduled Board meeting following the election.

All the foregoing being on motion of Director \_\_\_\_\_ seconded by Director \_\_\_\_\_ and authorized by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

I HEREBY CERTIFY that the foregoing resolution is the resolution of the Board of Directors of the Stallion Springs Community Services District as duly passed and adopted by said Board of Directors on this 21st of May, 2019.

WITNESS my hand and seal of said Board of Directors this 21st of May, 2019.

\_\_\_\_\_  
Ed Gordon, President  
Board of Directors

ATTEST:

\_\_\_\_\_  
Vanessa Stevens, Secretary  
Board of Directors

Attachments: Exhibit A: Form of Notice – Majority Protest Proceeding

**STALLION SPRINGS COMMUNITY SERVICES DISTRICT**  
**NOTICE OF PUBLIC MAJORITY PROTEST HEARING**  
 regarding proposed increases in the District sewer rates and  
 the adoption of a future rate increase policy  
 Page 1 of 2

In accordance with Stallion Springs Community Services District Resolution No. 2019-01 adopted on May 21, 2019 and Article XIII D, Section 6 of the California Constitution (commonly known as Proposition 218), please be advised of the following:

**The District will hold a public majority protest hearing at 6:00 pm on July 16, 2019 at the Stallion Springs Community Services District office, 27800 Stallion Springs Dr., Tehachapi, CA 93561.** The District may adopt the rate increases and increase policy herein provided for unless a majority of landowners receiving sewer service file a written protest prior to the hearing's conclusion.

The proposed rates were based on an engineered study that involves costs, projected costs divided by the number of residential users and commercial users. The District has not raised rates for over four years and has been able to "breakeven" in regard to operating costs versus revenue received. Recently the District has made or is making substantial repairs to the actual wastewater plant and had to borrow \$500,000 to put in place a lift station (the machinery that actually moves all the raw sewage into the plant). In addition, the District is expecting additional costs involving the renewal of permits with the State of California in regard to operating the Wastewater Plant. These calculations were used in addition to day to day operating costs, to determine the proposed rates that are attached.

The following proposed sewer rates and future rate increase policy shall be the subject of the "majority protest" proceedings herein called for. No other District rates shall be affected by this proposal.

Table 3-1 Current Sewer Rates

Account Type		Bimonthly Charge
Residential		\$85.48
Commercial	By fixture:	
	First toilet	\$36.98
	Each additional toilet	\$24.19
	Each washing machine	\$36.98
	Each Dishwasher	\$36.98
	Garbage disposal per hp	\$36.98
	Flow exceeding 4000 cf: \$/1000 cf	\$24.17

Table 4-1 Proposed Residential Sewer Rates

Bimonthly Charges	
Year	Rate per Residence
FY 19/20	\$140.86
FY 20/21	164.68
FY 21/22	182.55
FY 22/23	186.95
FY 23/24	191.43

Table 4-2 Proposed Commercial Sewer Rates

Year	Unit Charge	Per each Toilet	Per each Washing Machine	Per each Dishwasher	Per hp for ea. Garbage Disposal	Flow Exceeding 4000 CF, per 1000 CF
FY 19/20	\$21.08	\$39.86	\$60.94	\$60.94	\$60.94	\$39.83
FY 20/21	24.64	46.60	71.24	71.24	71.24	46.56
FY 21/22	27.31	51.66	78.97	78.97	78.97	51.62
FY 22/23	27.97	52.91	80.88	80.88	80.88	52.86
FY 23/24	28.64	54.17	82.82	82.82	82.82	54.13

Note there is no change in existing policy related to sewer charges for water usage over 4,000cf.

**STALLION SPRINGS COMMUNITY SERVICES DISTRICT  
NOTICE OF PUBLIC MAJORITY PROTEST HEARING**

regarding proposed increases in the District sewer rates and the adoption of a future rate increase policy

Page 2 of 2

**Future Fee Increases and Establishment of Policy:**

In addition to the rate increases herein mentioned, the District proposes, and will in the future implement the following sewer rate increase policy if a less than a majority of those entitled to protest, do so. Under this proposed policy, the Board may (but is not required to) raise the above-mentioned rates on or about July of 2020 and each year following thereafter until July of 2024. The increase shall be no more than the CPI increase over the previous 12 months as indicated through comparisons of the Consumer Price Index, All Urban Consumers, All Items Index, Western Cities with populations between 50,000 and 1,500,000 (the "CPI-U"). The increase will be permitted without the need for a majority protest hearing. If the listed Consumer Price Index is removed from publication, or otherwise unavailable, the Board shall adopt and follow an Index that is reasonably comparable. Please note that in any given year, the Board may choose to raise the rates less than the CPI increase, or not at all.

**Effective Date of Proposed Charges:**

While the rate increases and policies herein provided for will become effective immediately upon their adoption by the voters and the Board, those rates will not be charged for services provided prior to the District's June 2019 meter read. Therefore, if adopted, the rates will not appear on a customer's bill until August 2019.

**If you do not wish to protest the proposal herein provided for, you need not take any action.**

If you wish to protest the proposal herein provided for, you **must submit a written protest** before the conclusion of the public hearing. For a written protest to be considered valid it must include: 1) the identity of the parcel represented by the protest; 2) the name and address of the protestant; 3) a statement illustrating the protestant's legal relationship to the parcel; and, 4) a signed statement containing an original signature, indicating that the writing is to be considered a written protest on behalf of the parcel. While it is not required that a protest be affixed to a form provided by the District (so long as it contains the required information above), the District will provide a protest form to those requesting one in person at the CSD office.

Should you have any questions, please call the District at (661) 822-3268 or write to the Stallion Springs Community Services District office at 27800 Stallion Springs Drive, Tehachapi, CA 93561. Protests may be mailed or hand delivered to the District's office at 27800 Stallion Springs Drive, Tehachapi, CA 93561. Protests received after the conclusion of the public hearing will not be considered.

David Aranda, General Manager  
Stallion Springs Community Services District



# Stallion Springs Community Services District

# Sewer Rate Study

May 2019

Prepared for:  
Stallion Springs Community Services District  
Tehachapi, California

Prepared by:  
**W3i Engineering**  
Bakersfield, California

COPYRIGHT

W3i Engineering. All rights reserved.

# Table of Contents

List of Figures .....	ii
List of Tables .....	ii
1 Introduction .....	1
1.1 Proposition 218.....	1
1.2 Procedural Requirements .....	1
1.3 Principles for Establishing Rates Under Proposition 218.....	2
1.4 Methodology.....	3
2 Background .....	4
2.1 Wastewater Service .....	4
2.2 Sewer Accounts.....	4
2.3 Wastewater Flow and Loading .....	4
2.4 Recommended Sewer System Improvements.....	6
2.5 Sewer Capacity Fees .....	7
3 Existing Rates and Revenue .....	8
3.1 Existing Rate Structure.....	8
3.2 Revenue from Existing Rates .....	9
3.3 Revenue Requirements.....	10
3.4 Projected Sewer Fund Expenditures.....	10
4 Rate Design .....	12
4.1 Introduction .....	12
4.2 Sewer Revenue Model .....	12
4.3 Proposed Sewer Rates .....	12
4.4 Summary Financial Plan After Rate Adjustments .....	13
5 Recommendations .....	14
5.1 Adjustments to Rate Schedule.....	14
5.2 Implementation Plan .....	14
Appendix A.....	15
Wastewater Improvements.....	15



Appendix B ..... 17  
    SSCSD Rate Sheet ..... 17  
Appendix C ..... 19  
    Sewer Fund Income Expense Detail ..... 19

## List of Figures

Figure 2-1 Sewer Service Area ..... 5  
Figure 2-2 Average Wastewater Flow ..... 6

## List of Tables

Table 2-1 Sewer Accounts ..... 4  
Table 3-1 Current Sewer Rates ..... 8  
Table 3-2 Sewer Fund Income/Expense Summary ..... 9  
Table 3-3 Projected Sewer Fund Revenue/Expenses ..... 11  
Table 4-1 Proposed Residential Sewer Rates ..... 12  
Table 4-2 Proposed Commercial Sewer Rates ..... 13

Stallion Springs Community Services District  
Sewer Rate Study

---

ABBREVIATIONS

and

ACRONYMS

ACWA .....	Association of California Water Agencies
ADF.....	average daily flow
BOD .....	biochemical oxygen demand
CF or cf .....	cubic foot
CIP .....	Capital Improvement Program
EDU .....	equivalent dwelling unit
FY.....	Fiscal Year
gpd .....	gallons per day
HCF.....	100 cubic feet
I/I .....	infiltration and inflow
M&I .....	Municipal & Industrial
MG.....	million gallons
MGD .....	million gallons per day
O&M.....	Operations and Maintenance
RWQCB-CVR.....	Regional Water Quality Control Board Central Valley Region
SSCSD .....	Stallion Springs Community Services District
SWRCB.....	State Water Resources Control Board
TSS.....	total suspended solids
WEF .....	Water Environment Federation

# 1 Introduction

Stallion Springs Community Services District (SSCSD or District) authorized W3i Engineering to conduct a review of sewer rates and make recommendations for rate adjustments to meet the current cost of service. The District provides sewer service to approximately 380 accounts consisting of residential and commercial customers. This rate study is intended to serve as the basis for Proposition 218 majority protest proceedings for sewer rate adjustments.

This rate study has been prepared in accordance with guidance provided under the Water Environment Federation (WEF) Manual of Practice (MOP) 27 Financing & Charges for Wastewater System, 4<sup>th</sup> Edition 2018. The rate study considers the sufficiency of the current rates to meet the financial requirements of operating a wastewater utility with the need for renewal and replacement of existing depreciated assets and with sufficient revenues and reserves to make emergency repairs and provide stable revenue. The rate study has been prepared using guidance documents published by ACWA and from League of California Cities for compliance with Proposition 218.

## 1.1 Proposition 218

In the State of California, utility rates charged by municipal agencies and public districts are governed by rules and procedures adopted and made part of the California State Constitution by the passage of Proposition 218, the “Right to Vote on Taxes Act” in November 1996. Proposition 218 is codified as Articles XIII C and XIII D of the California Constitution. After over 20 years of practical experience and clarifying court decisions, the steps that each agency must follow have become legally clear. In 2007, the California Supreme Court clarified that Proposition 218 applies to all revenue-producing utilities, including water and sewer utilities. This report has been prepared in accordance with the rules and principles set forth in Proposition 218.

## 1.2 Procedural Requirements

The Stallion Springs CSD (SSCSD or the District) has authority to establish sewer rates sufficient to recover the costs of operating the enterprise, subject to a majority protest from the rate-payers. The procedure to set new or adjusted rates is as follows:

- Acceptance of this Sewer Rate Study Report and the recommendations herein. The report describes the reasons for proposed rate increases, anticipated costs, expected revenues and a schedule of proposed rates.
- Mailed Notices must be sent out to the recorded owner(s) of each parcel upon which the rates will be imposed and shall be determined from the last equalized property tax roll. There are specific requirements for the notices, which must include the reasons for the proposed increased rates, and the expected rates for the subject property. The notice must also state the date of the public hearing at which time the proposed rates will be considered and potentially adopted.
- The Public Hearing will include a public presentation of the material in the Engineer’s Report and will again cover the reasons rate adjustments are needed. The public hearing must be at least 45 calendar days after the mailing of the public notices; in practice this usually means two months after the Board meeting when mailing of the notices is approved.

- ❑ Consideration of Protest. Protest of the new rates by a majority of the property owners, in any combination of written responses and verbal protest at the public hearing, is sufficient to stop the proposed rate increase. A “majority” means 50 percent plus one of the affected property owners. So long as there is not a majority protest, the Board has legal authority to proceed with the proposed rate increases at its discretion. The District staff will compile the written and verbal protests and present a percentage of protesting owners to the Board at the conclusion of the Public Hearing.
- ❑ Approval of the Proposed Rates is by simple majority vote of the District Board, following the close of the public hearing. The vote may be at the same meeting as the hearing.
- ❑ Election Requirements Do Not Apply. Proposition 218 requires an actual vote of the property owners to approve certain rates and assessments. However, the courts have clarified that rate-setting for water, sewer and refuse collection is exempt from the election requirements so long as the rate-setting principles described in Section 1.3 are followed.

## 1.3 Principles for Establishing Rates Under Proposition 218

In addition to governing the procedures to actually adopt rates, Proposition 218 includes a number of well-defined principles that constrain what can and cannot be included in the rates. These rules are intended to assure that “utility revenue” is actually needed and used for provision of utility services. Proposition 218 made it clear that utility revenues from user rates are strictly limited to paying the costs of providing utility services, and that those rates must be charged in a way that is proportional to the cost of providing the services. The rules can be summarized as follows:

- ❑ Revenue Must Not Exceed Cost of Service. Agencies are required to calculate all the costs involved in providing service, including labor, benefits, materials, equipment, power, testing, outside services, debt repayment, and so forth. This can be a budget projection, but costs must be based on the record. For example, expected electric power cost must be based on what was spent last year, adjusted by expected changes like increased or decreased number of users and changes in electric rates. Cost of services can include reasonable budgets for unexpected repairs and replacement of capital equipment. Such items are prudent management intended to assure there are funds available for items which can be expected to be needed but for which the timing is unknown or difficult to specify, like replacement of broken or worn-out equipment.
- ❑ Revenues Must Be Expended for the Specified Purpose. Simply, money collected from sewer rates must be expended to provide sewer service. It cannot be transferred to the water department, or to any other department, except as those departments may assist in work needed to provide water service.
- ❑ Revenue Collected Must Be Proportional to Cost of Service. This principle was originally intended to prohibit shifting utility costs from one class of user to another. For example, commercial sewer rates cannot be increased in order to decrease residential rates, or vice-versa. A 2015 court decision added to this principle by effectively barring rising-tier rate structures, where a base amount of water (or sewer) is available at a lower cost with higher use being charged at increasingly-high rates. However, the court said such rate structures are permissible if the utility can demonstrate that there are higher costs associated with the higher usage rates per user.

The rates proposed in this Study are intended to conform with these mandatory principles, leading to full cost recovery for utility services while charging for these services in a fair and proportional manner.

## 1.4 Methodology

The methods used to establish utility rates are based on principles that are commonly used in the wastewater utility industry. These principles are designed to produce rates that equitably recover costs from each class of customer by setting the appropriate level of revenue to be collected. The primary tasks of this rate study are as follows:

- Revenue Requirements Analysis – This analysis identifies the total revenue requirement to be recovered from the sewer rates, considering operating and maintenance expenses, a capital improvement program, satisfying bond covenants, and meeting the District’s policy objectives.
- Cost of Service Analysis and Rate Design – The purpose of this task is to allocate of the revenue requirements and to customers based on their proportionate demand and use of the system.
- Rate Design – This task involves the development of a rate structure that produces the revenue for sound District fiscal operations, while achieving rate equity.

## 2 Background

### 2.1 Wastewater Service

The District provides wastewater collection and treatment service to a portion of the District as shown in Figure 2-1. The Sewer Rate Study applies only to those lots receiving sewer service. The area receiving sewer service is generally located in the higher density, small lot and lower elevation portions of the District. Lower density, larger lots and higher elevation lots utilize privately owned septic systems with on-site leach field disposal. The sewer system includes collection sewers, pump stations and wastewater treatment facilities. Generally, sewer house laterals are privately owned from the public right of way to the house and are maintained by the property owner.

### 2.2 Sewer Accounts

The District sewer customer accounts for the past three fiscal years (FY) are shown in Table 2-1. Commercial accounts are about 6 to 7 percent of the total active accounts. There are no industrial sewer dischargers in Stallion Springs. Sewer residential connections increased by seven between 2017 and 2018 and by eight between 2018 and February of 2019.

Table 2-1 Sewer Accounts

Sewer Accounts	May/June 2016	May/June 2017	May/June 2018	Jan/Feb 2019
Residential - active	340	343	350	358
Commercial - active	24	24	22	22
Total active sewer	364	367	372	380
Total inactive accounts	7	7	6	5
<b>Total Accounts</b>	<b>371</b>	<b>374</b>	<b>378</b>	<b>385</b>

### 2.3 Wastewater Flow and Loading

The District is experiencing an increase in flow and loading as illustrated in Figure 2-2. Flow and loading increases as a result of new housing construction. Five new residential units were constructed in 2017/18 and nine so far in 2018/19. Flow is also increasing as a result of infiltration and inflow (I/I) into the sewer collection system that occurs during wet weather. As collection sewers and manholes age, increased leakage occurs. The net result is that the District incurs additional costs over time in pumping and treating flow and in maintaining the collection system to reduce I/I. The affect of wet weather is illustrated in Figure 2-2 in the winter months of 2017/18 where average flow nearly doubled.

Figure 2-1 Sewer Service Area

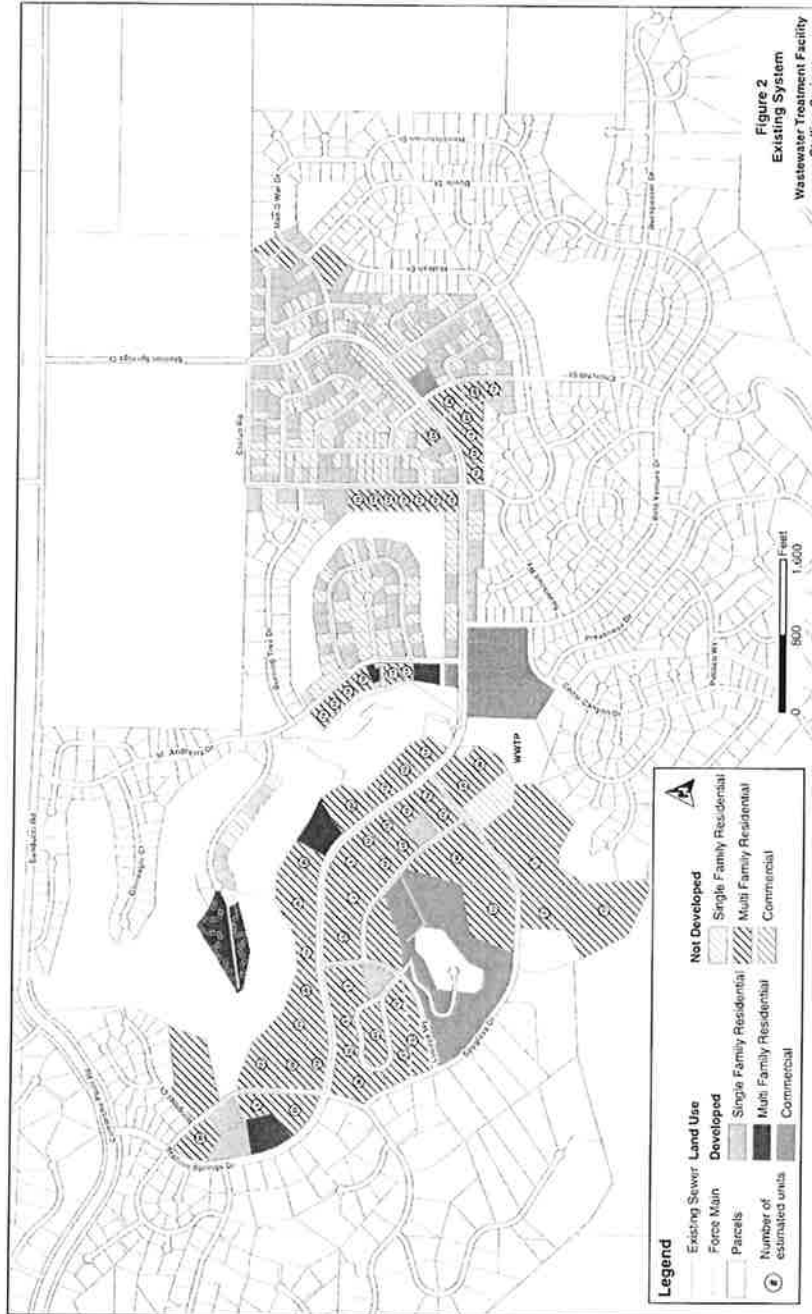
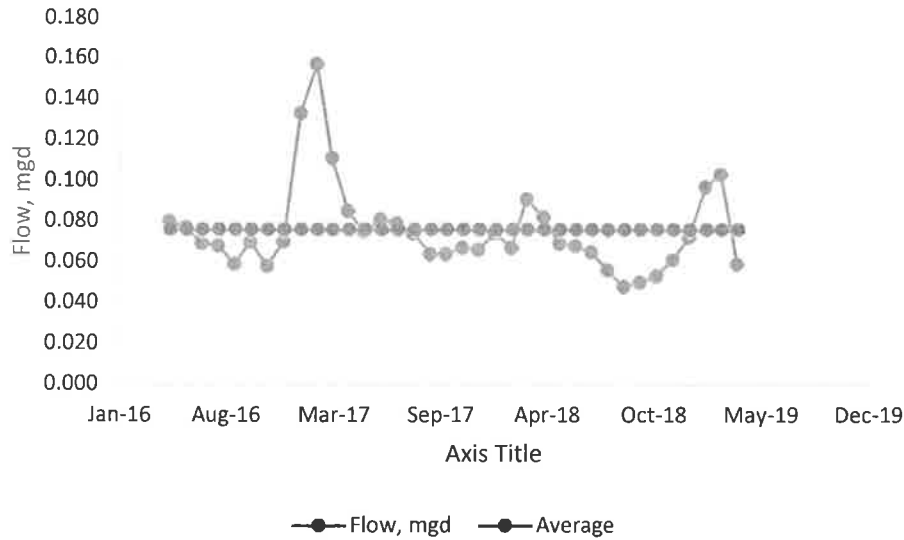


Figure 2-2 Average Wastewater Flow



## 2.4 Recommended Sewer System Improvements

No comprehensive wastewater system master plan has been prepared to identify costs of an upgraded system. The District has a long term vision of eliminating the current discharge of treated effluent to Chanac Creek and recycling the treated effluent for irrigation. The discharge to surface water (Chanac Creek) requires an NPDES permit which has much higher water quality standards than would be required for discharge to land. It also subjects the District to greater liability as there are mandatory penalties for discharge violations.

Two studies have been completed preliminarily identifying needed improvements to the wastewater system. A report, prepared by Carollo Engineers in 2005, identified deficiencies in the wastewater treatment plant. The report is outdated, and cost estimates are not current. A technical memorandum, prepared by Aquality in 2014, provided some recommendations for improvements, including the addition of tertiary filters. However, it was a very preliminary report, prepared by a wastewater vendor, and did not provide cost estimates.

A Capacity Fee Review was completed by Provost & Pritchard in 2016 to review and establish new water and sewer capacity fees. A Technical Memorandum prepared utilized information provided in the Aquality Report and other available studies to develop a preliminary list of needed wastewater improvements with estimated costs. Although the list was not a result of a detailed preliminary engineering analysis, it established, for the purpose of determining sewer impact fees, a total wastewater project capital improvement cost of \$2.8 million. See Table 4 in Appendix A. Some of the projects listed have been completed or are in progress. Some of the aeration basin improvements have been completed and the wastewater lift station improvement are in progress, with funding in-place. Projects yet to be started and currently unfunded amount to an estimated total of about \$2.3 million.



It should be noted that the cost estimate for improvements to the wastewater system was based on “improving” the existing system, at its current site with continued discharge to Chanac Creek. The improvement cost estimate did not include improvements to the sewer collection system to mitigate infiltration and inflow (I/I). An on-going study that includes video inspection of system sewers will be used to estimate the costs to reduce I/I . The cost of a new, recycled wastewater system with reuse and discharge to land will likely cost significantly more than the current estimate.

## 2.5 Sewer Capacity Fees

The District adopted new sewer capacity fees in July 2016. The Technical Memorandum (Provost & Pritchard, July 2016), determined that the cost allocation for the capital improvement program should be assigned 70 percent to existing connections and 30 percent to future connections. The Technical Memorandum estimated that the cost (2016) of improvements to the wastewater system at \$2.8 million. The capacity fee for sewer was set at \$6,170 per residence. A connection fee of \$1,875 also applies to new residences. Sewer capacity and connection fees are not a part of the rate review and recommendations presented in this report.

## 3 Existing Rates and Revenue

### 3.1 Existing Rate Structure

The existing SSCSD sewer rate schedule, subject to Proposition 218, is provided in Table 3-1. Other sewer charges, not directly related to sewer flow are shown in the Rate Sheet, Appendix B.

Under the current rate structure, revenue is derived from bimonthly service charges. Each residential equivalent dwelling unit (EDU) is billed a flat rate of \$85.48 bimonthly. Commercial businesses are billed a flat rate derived from the number of toilets, washing machines, dishwashers and per horsepower for garbage disposals. For commercial accounts, an additional usage charge is added for metered water usage over 4,000 cf. No industrial rates have been established because there are no industrial users in Stallion Springs and no land zoned for industrial use.

Table 3-1 Current Sewer Rates

Account Type		Bimonthly Charge
Residential		\$85.48
Commercial	By fixture:	
	First toilet	\$36.98
	Each additional toilet	\$24.19
	Each washing machine	\$36.98
	Each Dishwasher	\$36.98
	Garbage disposal per hp	\$36.98
	Flow exceeding 4000 cf: \$/1000 cf	\$24.17

The assumptions implicit in the current rate structure are:

1. Each residential equivalent dwelling unit (EDU), whether it is an apartment, condominium, duplex or single family home, has the potential to produce the same volume of wastewater at approximately the same strength and loading as measured by biochemical oxygen demand (BOD), total suspended solids (TSS) and nutrients, such as nitrogen (N). This is a common and necessary assumption for sewer rate design because it is impractical to measure sewer flow and sample each dwelling unit for the constituents listed.
2. Commercial sewer flow is assumed to be proportional to the number of fixtures within the commercial facility. A retail commercial business may have a single toilet and no other fixtures. A sit down restaurant may have two or more toilets, a dishwasher and a garbage disposal. A lodge may have a toilet for each room plus additional fixtures for a restaurant or laundry. Each combination produces unique flow and wastewater characteristics. Because there are no industrial users, all commercial wastewater is domestic in character and is assumed to have similar strength to residential use.
3. The small number of commercial accounts (less than 25) makes it impractical and unnecessary to develop specific charges for each class of commercial facility.

## 3.2 Revenue from Existing Rates

Revenue and expenses for the Fiscal Year (FY) 17/18 and projected FY 18/19 for the sewer fund is shown in summary in Table 3-2 below. A detailed line item account, showing all fund categories, is included in Appendix C.

**Table 3-2 Sewer Fund Income/Expense Summary**

	FY 17/18	FY 18/19
	Actual	Projected
Ordinary Income/Expense		
Income		
4427 · Sewer Service Charge	253,544.80	238,700.00
4431 · Sewer Connection Fees	7,500.00	18,875.00
4435 · Sewer Capacity Fees	24,680.00	57,530.00
4500 · Miscellaneous Revenue	12,375.13	12,743.56
<b>Total Income</b>	<b><u>298,099.93</u></b>	<b><u>327,848.56</u></b>
Expense		
Total 5100 · Personnel Expenses	99,098.44	108,372.33
Total 5200 · General & Administrative	7,137.41	13,643.97
Total 5300 · Utilities	11,841.24	14,525.16
Total 5400 · Rolling Stock & Equipment	2,666.45	3,091.91
Total 5500 · Supplies, Chemicals	20,829.93	24,773.24
Total 5600 · Outside Services, Lab, Eng.	78,323.02	70,080.24
6015 · Depreciation Expense	<u>12,423.00</u>	<u>18,634.50</u>
<b>Total Expense</b>	<b><u>232,319.49</u></b>	<b><u>253,121.34</u></b>
7100 · Administration Allocation	26,121.27	24,214.76
Total 8000 · Capital Expenses		94,995.82
<b>Net Income/Loss</b>	<b><u>39,659.17</u></b>	<b><u>-44,483.36</u></b>

FY 17/18 had a "profit" (surplus) of \$39,659 (unaudited). FY 18/19 is projected to have a "loss" (deficit) of \$44,500. There are two major differences between FY 17/18 and 18/19. First, on the revenue side, FY 18/19 had significantly greater revenue from connection and capacity fees totaling \$76,405 (vs \$32,189 in FY 17/18). These are one time fees paid for new construction and depend almost entirely upon the new residential housing market. Revenue from capacity and connection fees will vary from year to year and are not a reliable source of income. The second difference is that the District initiated two major capital projects with capital

expense projected at about \$95,000 for FY 18/19. One project was the video inspection and cleaning of collection sewers to determine the condition of the sewers in order to develop a plan for correcting infiltration and inflow (I/I) into the sewers. The second project is the replacement of the wastewater pump station. The sewer video inspection is funded by reserves. The pump station project will be financed through an CA Infrastructure & Economic Development Bank (IBank) loan already obtained by the District. If there are insufficient funds in the current year, any deficit in the fund balance will be paid with accumulated reserves.

As shown in Table 3-2, costs for personnel, utilities, supplies and nearly all funds are increasing year to year. The District also has a need to expend significant funds for maintenance/repair of existing facilities, correction of infiltration and inflow into sewers, preliminary engineering and planning studies for land disposal and capital improvements to implement recycling of wastewater effluent and eliminating the NPDES discharge to surface water. Without a rate adjustment, the sewer fund will continue to operate in deficit and no new capital improvement projects can be undertaken once reserves are depleted.

Prior FY budgets did not include a renewal and replacement budget (hereinafter called and O&M Reserve fund). The District has not developed an adequate plan to fund renewal and replacement of its aging infrastructure. Most of the existing sewer collection system and wastewater treatment facilities were constructed in the early 1970s and are now over 40 years old.

### 3.3 Revenue Requirements

Ideally, the total sewer revenue generated each year from the customer rates should be approximately equal to the total sewer fund expenditures planned for that year. The revenue should also include long-term financial objectives such as capital improvement and renewal/replacement projects in addition to regular operations and maintenance. The revenue should provide for reserve funds to be used in emergencies or during periods of low cash flow. With these basic principles, the required revenue can be projected and then rates can be designed to meet the revenues needed. The following sections describe the assumptions that have been made for determining the required revenue for SSCSD.

### 3.4 Projected Sewer Fund Expenditures

The baseline operating expenses were based on the projected expenditures that occurred in FY 18/19 as shown in Table 3-2.

Using the historical expenses, a projection of the expenses and required revenues for FY 19/20 through FY 23/24 was prepared as shown in Table 3-3. The assumptions used to project future sewer expenses are:

1. Assignment of a new half-time operator/maintenance worker for the wastewater treatment plant/collection system. The system currently operates with one operator.
2. Inclusion of principal and interest payment (debt service) on the loan for the Wastewater Pump Station Reconstruction of about \$28,000 annually on a \$510,000 IBank Note.
3. Inclusion of an allowance for loan repayment for a 30 year, \$2,000,000, 4 percent interest loan to fund long-term improvements to the wastewater collection and treatment system. The debt service will be approximately \$115,000 annually. This new debt service is proposed to be phased in over three years. The first year will include \$22,000 with a Year 2 increase to \$77,000 and Year 3 increase to the full debt service of \$115,000.
4. Inclusion of an O&M reserve of \$40,000 to fund renewal and replacements on an ongoing basis. The typical minimum industry recommendation for an O&M reserve is 15% of a district's annual O&M expenses, which is recommended in this study (25% is the upper end of the industry recommended

reserve). This fund category will be combined with depreciation because depreciation expense provides funds for replacement of fully depreciated structures and equipment. Because depreciation is already included in sewer expense at about \$18,500, this represents a \$21,500 increase.

5. Inflationary expenses beginning in Year 1 of 10 percent for personnel, energy and chemical costs and 3 percent each year thereafter for inflationary increases
6. The addition of an average five new residential services per year.
7. Commercial accounts are projected to remain as is in 2019.
8. Revenues should exceed expenses so that a reasonable reserve can be built over time.

**Table 3-3 Projected Sewer Fund Revenue/Expenses**

	Year 1	Year 2	Year 3	Year 4	Year 5
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
<b>Ordinary Income/Expense</b>					
Income					
4427 · Sewer Service Charge					
Residential	302,563.97	358,665.68	403,068.62	418,404.53	434,167.22
Commercial	90,711.03	106,049.62	117,559.33	120,396.39	123,279.59
4431 · Sewer Connection Fees	9,375.00	9,375.00	9,375.00	9,375.00	9,375.00
4435 · Sewer Capacity Fees	30,850.00	30,850.00	30,850.00	30,850.00	30,850.00
4500 · Miscellaneous Revenue	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00
<b>Total Income</b>	<b>446,000.00</b>	<b>517,440.30</b>	<b>573,352.95</b>	<b>591,525.92</b>	<b>610,171.81</b>
Expense					
Total 5100 · Personnel Expenses	173,400.00	178,600.00	184,000.00	189,500.00	195,200.00
Total 5200 · General & Administrative	15,000.00	15,500.00	16,000.00	16,500.00	17,000.00
Total 5300 · Utilities	16,000.00	16,500.00	17,000.00	17,500.00	18,000.00
Total 5400 · Rolling Stock & Equipment	3,400.00	3,500.00	3,600.00	3,700.00	3,800.00
Total 5500 · Supplies, Chemicals	27,300.00	28,100.00	28,900.00	29,800.00	30,700.00
Total 5600 · Outside Services, Lab, Eng.	77,100.00	79,400.00	81,800.00	84,300.00	86,800.00
6015 · Depreciation/Renewal Replacement	40,000.00	41,200.00	42,400.00	43,700.00	45,000.00
<b>Total Expense</b>	<b>352,200.00</b>	<b>362,800.00</b>	<b>373,700.00</b>	<b>385,000.00</b>	<b>396,500.00</b>
7100 · Administration Allocation	31,300.00	32,200.00	33,200.00	34,200.00	35,200.00
Total 8000 · Capital Expenses/Debt Service	50,000.00	105,000.00	143,000.00	143,000.00	143,000.00
<b>Total Expense</b>	<b>433,500.00</b>	<b>500,000.00</b>	<b>549,900.00</b>	<b>562,200.00</b>	<b>574,700.00</b>
Net Profit/Loss	12,500.00	17,440.30	23,452.95	29,325.92	35,471.81
Cumulative Reserve	12,500.00	29,940.30	53,393.25	82,719.17	118,190.98

## 4 Rate Design

### 4.1 Introduction

It is recommended that the current rate structure be retained and that rate increases be applied to all residential and commercial accounts proportionally to current rates.

### 4.2 Sewer Revenue Model

The proposed sewer rates have been developed and modelled using a spreadsheet based on estimated expense for the next five years. The objective of the model is to test rates to determine if they will provide sufficient revenue to meet all expenses and provide a small reserve (profit) for unforeseen conditions. The rate model assumes five new sewer services each year. The assumption on the number of new connections are conservative to minimize impacts on revenue if growth does not occur. Connection fee revenue should be applied to debt repayment on improvement projects, not on operational expenses. Actual revenues will depend on factors outside the control of the District and thus future rates will need review and possible future adjustments.

### 4.3 Proposed Sewer Rates

The proposed sewer rates are shown in Table 4-1 for residential sewer service and in Table 4-2 for commercial sewer service. Rates are shown beginning in FY 19/20 and continue for four more years. The rates proposed for FY 19/20 will be implemented beginning in summer 2019. Rate increases for future years will be imposed at the discretion of the District Board of Directors and will be no more than what is recommended in this report and approved by the Board. The Board will have the option of skipping a year's rate increase or adjusting the rates to any level at or below the recommended rate. The future year's rate will be based on the financial performance of the sewer system enterprise.

Table 4-1 Proposed Residential Sewer Rates

Bimonthly Charges	
Year	Rate per Residence
FY 19/20	\$140.86
FY 20/21	164.68
FY 21/22	182.55
FY 22/23	186.95
FY 23/24	191.43

Table 4-2 Proposed Commercial Sewer Rates

Year	Unit Charge	Per each Toilet	Per each Washing Machine	Per each Dishwasher	Per hp for ea. Garbage Disposal	Flow Exceeding 4000 CF, per 1000 CF
FY 19/20	\$21.08	\$39.86	\$60.94	\$60.94	\$60.94	\$39.83
FY 20/21	24.64	46.60	71.24	71.24	71.24	46.56
FY 21/22	27.31	51.66	78.97	78.97	78.97	51.62
FY 22/23	27.97	52.91	80.88	80.88	80.88	52.86
FY 23/24	28.64	54.17	82.82	82.82	82.82	54.13

## 4.4 Summary Financial Plan After Rate Adjustments

After applying the proposed rates in the financial model, a summary of revenues, expenses and reserves is shown in Table 3-3. The new rates will produce a small annual reserve in the sewer fund in Year 1 of less than 3 percent. Over a period of five years, the small surplus will build to about \$118,000, which will be available to fund renewals and replacements. Commercial accounts produce about 20 percent of the overall sewer revenues. Residential accounts produce about 68 percent. The remaining revenues come from connection fees and miscellaneous income.

## 5 Recommendations

### 5.1 Adjustments to Rate Schedule

It is recommended that the District adjust rates for FY 19/20 as presented in Tables 4-1 and 4-2. If adopted following Proposition 218 procedures, the total bimonthly sewer bill for a typical single family residential will be \$140.86 (\$70.43/month). The bimonthly sewer bill under current rates is \$85.48.

It is further recommended that the Board of Directors review the financial performance of the sewer enterprise fund each year and, at their discretion, adjust rates as needed to meet increased expenses. The rates may not exceed those presented in Tables 4-1 and 4-2 for each fiscal year. The Board may recapture rate increases in a subsequent year if the increase was not accounted for in the prior year.

Other miscellaneous sewer fees, not subject to Proposition 218 majority protest proceedings, should be reviewed and adjusted annually based on a cost of service study. These miscellaneous fees include capacity fees, connection fees, encroachment permits and similar fees.

### 5.2 Implementation Plan

The proposed rate increase is a property related fee and thus must be implemented in accordance with the requirements of Proposition 218. The District's attorney should be consulted on the proper procedures, notices, ordinances and resolutions necessary to adopt and implement the proposed rate increases. The general implementation plan is as follows:

1. District Board of Directors (and District attorney) reviews and accepts this report and its recommendations.
2. The Board sets a date for a public protest hearing not less than 45 days after notices to customers have been mailed.
3. The District mails customer notices showing the proposed rate increase and time and date of the public protest hearing as well as any other required notice information as specified in Government Code Section 53753.
4. Hold public majority protest hearing. The protest hearing can be held at a regular Board meeting.
5. Determine if there is majority protest, and if not,
6. Adopt revised rate structure by majority vote of the Board of Directors. Rates will go into effect beginning in summer 2019 depending on the date set for the protest hearing.
7. Review revenue versus expenditures annually to verify assumptions and projections in Sewer Rate Study. Consider adjusting sewer rates if appropriate, based on this review.
8. Conduct Sewer Rate Study update in FY 23/24



# Appendix A

## Wastewater Improvements

From: Technical Memorandum, July 6, 2016, Water and Wastewater Capacity Fee Review, Provost & Pritchard Consulting Group.

Table 4 – Wastewater Improvements

Wastewater Improvement Projects		Equipment Cost	Installation Cost	Subtotal	Engineering & CM	Administration	Contingency	Total Project Cost
					20%	10%	20%	
1	Influent Lift Station Improvements			\$300,000	\$60,000	\$30,000	\$60,000	\$450,000
2	Influent Flow Metering and Chemical Feed Flow Pacing			\$121,506	\$24,301	\$12,151	\$24,301	\$182,259
3	Headworks Drum Screen			\$0	\$0	\$0	\$0	\$0
4	Oxidation Ditch Aeration Improvements			\$80,000	\$16,000	\$8,000	\$16,000	\$120,000
5	Transfer Pump Station in Existing Cl <sub>2</sub> Contact Basin			\$174,000	\$34,800	\$17,400	\$34,800	\$261,000
6	Tertiary Filters	\$300,000	\$275,000	\$575,000	\$115,000	\$57,500	\$115,000	\$862,500
7	Chlorine Disinfection System			\$194,324	\$38,865	\$19,432	\$38,865	\$291,486
8	Effluent Lift Station			\$200,000	\$40,000	\$20,000	\$40,000	\$300,000
9	Sludge Dewatering & Drying	\$110,000	\$100,000	\$210,000	\$42,000	\$21,000	\$42,000	\$315,000
								\$2,782,245
Total CIP								



# STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561  
(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

## AGENDA SUPPORTING INFORMATION

### Agenda #14

**Subject:** Approval to expend up to \$28,000 to perform a zonal chemistry investigation on C.V. #1

**Submitted by:** David Aranda, General Manager

**Meeting Date:** May 21, 2019

**Background:** CV #1 was placed out of service last year due to the Perchlorate not reaching a level that is below the State Standards. The well has had Nitrate problems as well.


It would be in the Districts best interest to attempt to figure out how to place the well back into the potable water system for Stallion Springs. The District looked at a filtration system for this well but the costs were over one million dollars.

The attached bid from BESST, Inc. involves looking at well samples at various depths of CV #1 and sampling those samples. If the perchlorate and nitrate are found to be at a certain level of the well depth, that area is blocked off and thus the well would be usable for the community.

The attached quote is for the work on CV#2 and CV#1. In discussions with various individuals it might be better for the District to NOT spend money for this type project on CV #2 and move forward with the carbon filtration system to remove the 1,2,3 TCP.

**Recommendation:** Approve expending up to \$28,000 to perform a zonal chemistry investigation on CV #1.

# Public-Supply Well: Zonal Chemistry Investigation

Well Owner:	Stallion Springs Community Services District				
Well Names:	Cummings Valley Wells 1 and 2				
Analytes of Concern	Well 1: Perchlorate, Nitrate, Arsenic / Well 2 1,2,3 TCP				
Quotation Date:	5/16/2019				
Client Info					
Name	Al White, Jr.				
Title	Public Services Supervisor				
Organization	Stallion Springs Community Services District				
Address	27800 Stallion Springs Drive				
	Tehachapi, CA 93561				
Phone	Office: 661.822.3268				
Email	<a href="mailto:awhite@stallionspringscsd.com">awhite@stallionspringscsd.com</a>				
		Payment Terms: Net 30			
		Quotation good for 90 days			
		Please sign at bottom of quote to accept terms			
<b>Dynamic Flow and Chemistry Survey</b>		<b>Quantity</b>	<b>Unit</b>	<b>Service Fee</b>	<b>Total</b>
<b>PLANNING AND ACCESS</b>					
Project Planning	Phone Calls, Data Review + Injection and Sampling Plan	1	ea.	\$ 1,000.00	\$ 1,000.00
Access Survey Mobilization(s)	Personnel and Equipment Travel for the Access Survey	1	ea.	\$ 600.00	\$ 600.00
Site Walks and Access Survey(s)	Site and well access evaluation. Check well for clearance with dummy tooling.	2	ea.	\$ 1,500.00	\$ 3,000.00
Miniaturized Video Survey	3/4" OD x 10" long high resolution color camera	1	ea.	\$ -	\$ -
Access Survey Report(s)	Report summarizing results of site walk and access survey. Includes recommended changes if needed.	2	ea.	\$ 500.00	\$ 1,000.00
<b>Subtotal #1</b>					<b>\$ 5,600.00</b>
<b>HYDROGEOLOGIC FIELD SERVICES</b>					
Mob / Demob	Travel associated with the equipment necessary for the Dynamic Flow and Chemistry Survey.	1	ea.	\$ 2,500.00	\$ 2,500.00
Set Up Fee	On-site preparation of the equipment necessary for the Dynamic Flow and Chemistry Survey.	2	ea.	\$ 1,000.00	\$ 2,000.00
Dynamic Flow Profile	This line item includes up to 20 tracer pulse injections per well.	2	ea.	\$ 5,500.00	\$ 11,000.00
Dynamic Water Sampling Profile	This line item includes the collection of up to 10 one-liter depth dependent water samples per well. Does not include analytical or laboratory costs.	2	ea.	\$ 6,500.00	\$ 13,000.00
Hydrogeological Report	Includes data reduction, analysis and interpretation of the profile results. Report also includes conclusions and recommendations on how to modify the well in order to improve performance or water quality at the well head.	2	ea.	\$ 5,500.00	\$ 11,000.00
<b>Subtotal #3</b>					<b>\$ 39,500.00</b>
<b>ADDITIONAL HYDROGEOLOGIC SERVICE OPTIONS</b>					
Additional Tracer Pulse Injections above first 20		0	ea.	\$ 175.00	\$ -
Additional Water Samples		0	ea.	\$ 250.00	\$ -
Extra Sample Volume (per liter per sample depth)			liter	\$ 50.00	\$ -
Standby Rate (see notes and conditions)		0	hr.	\$ 250.00	\$ -
Oil Lube Fee (only applied if tubing becomes very oily and economically unfeasible to clean - includes replacement and disposal costs) - \$2/foot		0	ft.	\$ 2.00	\$ -
Clamp On Flow Meter		0	well	\$ 1,000.00	\$ -
Generator Rental		0	day	\$ 100.00	\$ -
Water Level Meter Rental		0	well	\$ 85.00	\$ -
Complete Sample Bottle Labels		1	ea.	\$ 300.00	\$ 300.00
Complete Chain of Chain of Custody		1	ea.	\$ 150.00	\$ 150.00
Package Samples		1	ea.	\$ 150.00	\$ 150.00
Estimated Laboratory Costs (if BESST is contracting with lab)		0	well		\$ -
<b>Subtotal #4</b>					<b>\$ 600.00</b>
<b>Total</b>					<b>\$ 45,700.00</b>

NOTE: Project cost total dependent on utilized service options and is subject to Notes and Conditions attached.  
 BESST INC • 50 Tiburon St, Bay 7 • San Rafael, CA 94901 • 415.453.2501 • [nheller@besstinc.com](mailto:nheller@besstinc.com) •

Accepted By (Please Print): \_\_\_\_\_

Acceptance Signature: \_\_\_\_\_

Date: \_\_\_\_\_

PO Number: \_\_\_\_\_