

BEFORE THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN JOAQUIN  
FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
STATE OF CALIFORNIA

R E S O L U T I O N

R-15- 37

**RESOLUTION TO ADOPT THE 2015 STRATEGIC PLAN TO MEET WATER NEEDS;  
APPROVE WATER INVESTIGATION ZONE NO. 2 PROPERTY RELATED FEE  
ANALYSIS REPORT; DECLARE INTENT TO ADOPT THE PROPERTY  
RELATED FEES; APPROVE PUBLIC NOTICE; AND SET A PUBLIC  
HEARING DATE OF MAY 19, 2015, AT 9:00 A.M.**

**WHEREAS, on October 17, 1989, pursuant to Resolution R-89-903 of the Board of Supervisors (Board) of the San Joaquin County Flood Control and Water Conservation District (District), Water Investigation Zone No. 2 (Zone No. 2) was duly and regularly established through June 30, 2000, pursuant to the provisions of the San Joaquin County Flood Control and Water Conservation District Act to provide funding for water resources coordination, special studies, efforts to develop adequate water supplies and protect existing water supplies; and,**

**WHEREAS, Zone No. 2 is an investigation zone with the primary purpose of carrying out engineering, geologic, and other studies including the reclamation, storage, distribution, purchase, sale, use, conservation, and development of water including the management of combined surface water and groundwater supplies; and,**

**WHEREAS, in November 1996, the voters of California approved Proposition 218, which amended to California Constitution to require that any new assessments, the renewal of an expiring assessment, or the increase of an existing assessment be voted on by the beneficiaries with a majority of votes cast as the threshold for passage; and,**

**WHEREAS, on August 24, 1999, the Board approved Board Order B-99-1042, adopting the Strategic Plan to Meet Water Needs, which sets forth the goals and activities of the District; and,**

**WHEREAS, the Board's Strategic Plan to Meet Water Needs provides the basis for the program of water resources activities funded under Zone No. 2; and,**

**WHEREAS, on June 20, 2000, the Board, having tabulated the ballots received, and with 54 percent in favor of extending Zone No. 2, approved the Annual Engineer's Report setting forth the assessment apportionment to all benefiting properties within Zone No. 2 for a period of 15 years, commencing Fiscal Year 2000-2001, and ending after Fiscal Year 2014-2015; and,**

**WHEREAS, in Fiscal Year 2014-15, the current District Zone No. 2 benefit assessment will have been apportioned and collected through San Joaquin County Tax**

Roll for the last time as limited by the Board in the approval of the Zone No. 2 benefit assessment on June 20, 2000; and,

WHEREAS, the subsequent interpretations, legal challenges, and case law do not allow for a renewal of Zone No. 2 as a benefit assessment; consequently, Zone No. 2 funding is being recommended as a property related fee; and,

WHEREAS, under the California Constitution, property related fees for water service are exempt from the Proposition 218 ballot process; however, property owners must be properly noticed and allowed to file a written protests prior to the close of a public hearing, which must be scheduled and held no less than 45 days from being sent proper notice; and,

WHEREAS, if a majority of property owners file written protests, the property related fee cannot be approved by the proponent's governing body; and,

WHEREAS, staff recommends that funding for the 2015 Strategic Plan to Meet Water Needs through Zone No. 2 be established by this Board as a property related fee as specified under the California Constitution; and,

WHEREAS, on March, 18, 2015, the District Advisory Water Commission recommended that this Board approve and adopt the Fee Analysis Report and proceed with the public noticing and protest hearing processes; and,

NOW, THEREFORE BE IT RESOLVED that:

THIS BOARD HEREBY FINDS that, the expiration of the Zone No. 2 Benefit Assessment would severely inhibit the ability of the District to carry out the goals and activities forth in the Strategic Plan to Meet Water Needs.

THIS BOARD HEREBY FURTHER FINDS that the actions contemplated in this Resolution are exempt from the provisions of the California Environmental Quality Act pursuant to Section 21080(b)(8) of the Public Resources Code of the State of California.

NOW, THEREFORE BE IT FURTHER RESOLVED that this Board of Supervisors:

1. Adopts the 2015 Strategic Plan To Meet Water Needs (Attachment A); and,
2. Approves the Zone No. 2 Property Related Fee Analysis Report (Attachment B); and,
3. Declares its intent to adopt the property related fees as set forth in the Zone No. 2 Property Related Fee Analysis Report; and,
4. Approve the Public Notice for Zone No. 2 property related fees (Attachment C); and,
5. Sets May 19, 2015, at the hour of 9:00 a.m., in the Chambers of the Board at

44 North San Joaquin Street, Sixth Floor, Stockton, California, as the date and time for the Public Protest Hearing on the proposed establishment of fees as identified in the Water Investigation Zone No. 2 Property Related Fee Analysis Report .

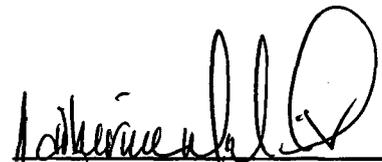
PASSED AND ADOPTED by the following vote of March 24, 2015,  
the Board of Supervisors, to wit:

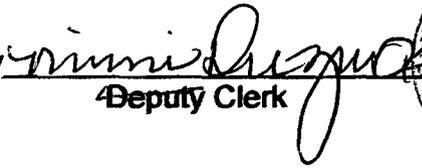
AYES: Winn, Elliott, Villapudua, Bestolarides, Miller

NOES: None

ABSENT: None

ATTEST: MIMI DUZENSKI  
Clerk of the Board of Supervisors  
of the County of San Joaquin,  
State of California

  
KATHERINE M. MILLER  
Chair, Board of Supervisors  
County of San Joaquin,  
State of California

By   
Deputy Clerk



WR-15C006-ME3

BOARD OF DIRECTORS OF THE SAN JOAQUIN COUNTY  
FLOOD CONTROL AND WATER CONSERVATION DISTRICT

2015 STRATEGIC PLAN TO MEET WATER NEEDS

Adopted March 24, 2015 by Resolution R-15-<sup>37</sup>

**GOAL: PROTECT AND PRESERVE EXISTING WATER RIGHTS AND AREA OF ORIGIN RIGHTS**

Activities:

*Participate in Statewide programs to ensure San Joaquin County (County) interests are represented*

Continuing participation ensures that current knowledge regarding the development of Statewide water programs is up-to-date. Statewide water programs include, without limitation, the Bay Delta Conservation Plan, legislation relating to water, Proposition 1 (2014 State Water Bond), the California Water Action Plan, and implementation of the Groundwater Sustainability Act of 2014.

*Monitor State Water Resources Control Board activities and challenge those contrary to the County's best interests*

Decisions made by the State Water Resources Control Board regarding water rights and/or water quality issues may be adverse to the County's best interests. Activities of the State Water Board may be monitored, opposed and/or supported consistent with adopted Board of Supervisors policies and/or positions.

*Support the development of water rights filings and other activities that assert area of origin water rights*

Additional water rights may be necessary to ensure that adequate supplies will be available for future County needs. Protection of existing water rights, including the assertion that the areas of origin receive the protections promised in current law, will also be important as the conveyance of water from the Sacramento-San Joaquin River Watershed to other parts of the State continues.

**GOAL: MANAGE GROUNDWATER IN EASTERN SAN JOAQUIN COUNTY**

Activities:

*Participate in the development and implementation of groundwater sustainability plans consistent with current law*

Development and implementation of groundwater sustainability plans are required under the Groundwater Sustainability Act of 2014. The County will facilitate discussions and decisions regarding governance within its groundwater basins, and areas without a designated groundwater sustainability agency may be represented by the County. The County supports the concept of coordinated development and implementation of groundwater sustainability plans as a means to continue locally controlled management of groundwater, with local controls.

*Participate in regional efforts to manage groundwater*

Continue to support local Cities, water districts, irrigation districts, and private pumpers to manage groundwater through the Eastern County Groundwater Basin Authority, and support other regional ground water management efforts.

*Support the development of a regional conjunctive use project with interested parties*

*Support the development of joint interregional water supply projects*

Continue to work jointly with parties to develop mutually acceptable projects that best meets the needs of County water interests and partners from other regions. An example is the Demonstration Recharge, Extraction, and Aquifer Management Project (DREAM Project) in conjunction with the North San Joaquin Water Conservation District and the East Bay Municipal Utility District (EBMUD).

*Preserve and continue to develop the water rights filings by the Mokelumne River Water and Power Authority and County*

Continue efforts to perfect Water Right Applications 29835 and 29657 filed on the Mokelumne and American Rivers, respectively.

*Support development of additional water storage*

*Support protection of existing and development of additional water supply*

*Support the fulfillment of underutilized water rights entitlements*

Encourage conserved surface water supplies to be transferred first to areas within the County.

*Support the development of the Stockton East Water District Farmington Program*

**GOAL: PROTECT DELTA WATER RESOURCES COMMON POOL**

Activities:

*Support the development of the out-of-basin San Joaquin Valley Master Drain*

Through actions taken by the State and Federal governments, the State Water Resources Control Board and other interested parties, support the development of the out-of-basin San Joaquin Valley Master Drain.

*Support the development of the Delta Barriers*

Support of the South Delta Water Agency in its effort to obtain permanent barriers and beneficial barrier operations that result in adequate water levels and water quality in the South Delta.

*Oppose the development of tunnels or a peripheral canal which bypasses the Delta*

Continue to strongly oppose the Bay Delta Conservation Plan, as currently proposed, consistent with the Board of Supervisors adopted principles.

*Support the Statewide development of additional south of Delta and north of Delta storage*

Work with the water interests to support State-wide programs and legislation that can lead to additional above-and below-ground storage.

*Support implementation of the Lower San Joaquin River Restoration Program as required by law*

*Support a plan to recirculate export water for San Joaquin River water quality sources*

Support efforts by the State and Federal governments and County agencies to implement a program involving the recirculation of export water into the San Joaquin River. Support aggressive watershed protection and water quality measures.

*Support watershed protection measures*

Support State and Federal programs and legislation which improves watershed protection for County water sources.

*Support a unified position regarding flow and water quality for the Lower San Joaquin River, South Delta, and New Melones Reservoir*

**GOAL: MAINTAIN EXISTING AND DEVELOP NEW WATER SUPPLIES TO MEET SOUTHWEST COUNTY WATER NEEDS**

Activities:

*Support efforts to comply with the Sustainable Groundwater Management Act*

Provide information and support to, and coordinate with, Southwest County interests to meet the requirements of the Groundwater Sustainability Act of 2014.

*Support programs to transfer existing conserved irrigation district water to meet water needs in the County*

Support and coordinate efforts in the County to transfer existing conserved irrigation water from willing agricultural districts to urban users.

*Support programs to maximize the benefits of groundwater while preserving the resource*

Coordinate with interests in the southwest County to manage groundwater, including the City of Tracy and the Northern Agencies of the San Luis-Delta Mendota Water Authority service area.

**GOAL: DEVELOP FUNDING PROGRAMS TO MEET WATER SUPPLY NEEDS**

Activities:

*Support the development of funding programs for projects and programs to meet County water needs, and provide technical assistance and support to agencies seeking grants, financing, loans, or other financial strategies*

**GOAL: SUPPORT WATER CONSERVATION PROGRAMS**

Activities:

*Support the development and implementation of urban water conservation programs*

*Support implementation of agricultural best management practices to utilize water more efficiently in a manner that enhances or maintains the viability of agriculture*

*Support the promotion of water conservation as a community goal*

*Support water recycling projects that are beneficial in the short and long term and do not adversely impact the marketability of agricultural products or compromise the health of residents*



SAN JOAQUIN COUNTY

# FLOOD CONTROL & WATER CONSERVATION DISTRICT

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## SAN JOAQUIN COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

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### Water Investigation Zone No. 2 Fee Analysis Report

Submitted to:  
Department of Public Works  
San Joaquin County, California

Prepared by:  
**HARRIS & ASSOCIATES, INC.**  
22 Executive Park  
Irvine, CA 92614

March 10, 2015

**Harris & Associates**<sup>SM</sup>

DESIGN THE FUTURE ONE PROJECT AT A TIME.

**SAN JOAQUIN COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT**  
**Water Investigation Zone No. 2 - Property Fee Analysis Report**

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**SECTION 1 - HISTORICAL BACKGROUND AND CURRENT CONDITIONS**

The San Joaquin County Board of Supervisors has taken a keen interest in water issues and has taken a leadership role in protecting the community's water interests. The California State Legislature formed the San Joaquin County Flood Control and Water Conservation District (District) in 1956. The District's primary goals in the ensuing seven decades has been to construct, operate, maintain, coordinate, and plan flood control, water supply, drainage and groundwater recharge projects in order to protect life, property, and health of San Joaquin County residents and ensure the economic, environmental, and social viability of San Joaquin County. The San Joaquin County Board of Supervisors also serves as the Board of Supervisors of the District. The District is staffed by the San Joaquin County Department of Public Works.

In 1986, the Board of Supervisors adopted a Water Policy and later a Water Implementation Plan along with an expansion of the District Advisory Water Commission (the Commission) and the establishment of the Water Resources Coordinator position. These steps toward greater water management were in direct response to growing concerns regarding the County's ability to sustain its water supply as it faced ever greater demands related to increased urbanization and development in addition to continued agricultural activities. At the time, studies indicated that a lack of sufficient surface water supplies led to increased groundwater pumping, which caused a strain on subterranean aquifers. The associated depletion of these groundwater supplies created a heightened concern of increased salinity of groundwater due to salt water intrusion.

In order to help meet the financial needs to sustain engaged water management, Water Investigation Zone No. 2 (Zone No. 2) was established in 1989 with an accompanying assessment which was again extended in 1995. In November 1996, the voters of California approved Proposition 218, which amended the California Constitution to require any new assessments, renewal of an expiring assessment, or the increase of an existing assessment be voted on by the beneficiaries with a majority of votes cast as the threshold for passage. On August 24, 1999, the Board of Supervisors adopted the Strategic Plan to Meet Water Needs, which set forth the goals and activities of the District with regards to water resources. The Strategic Plan to Meet Water Needs is foundational to the County's Water Resources Program, for which activities are authorized and funded under Zone No. 2. On June 20, 2000, the Board of Supervisors approved the Annual Engineer's Report setting forth the assessment apportionment to all benefiting properties within Zone No. 2 for a period of fifteen (15) years, commencing in Fiscal Year 2000-2001, and ending after Fiscal Year 2014-2015.

Zone No. 2 has a County-wide geographic area and has provided for, and continues to provide for, requisite studies, efforts, and activities to develop programs to meet long-term San Joaquin County water supply needs. One of the main efforts Zone No. 2 funds is to facilitate coordination among more than two dozen water agencies throughout the County. Regional coordination serves all San Joaquin County stakeholders by syncing local efforts and projects into an optimized regional set of solutions. Without this type of regional coordination, the efforts of the local water agencies may not garner as much community support, efficiency, or

effectiveness. In addition to the County-wide coordination, Zone No. 2 provides funding for advocacy at the State and Federal levels through legislative actions, support for projects seeking grant funding, to advocate for water rights, water supply, and water quality. Current efforts that recommended to be continue in order to better manage the County's water resources include:

- Staffing and financial contributions to the Eastern San Joaquin County Groundwater Basin Authority (GBA), Advisory Water Commission, and the Board Water Committee;
- Coordination of diverse County interests including participation in regional efforts which helps to implement and integrate regional water supply and management plans, coordination of grant applications, and development of projects throughout the water community;
- Assistance with the protection and utilization of existing water rights;
- Establishment and advocacy at the State and Federal levels of County policies and funding with regards to water rights, water supply, water quality, and water management;
- Defense of water supplies and water quality County-wide from potential impacts due to State and Federal water project operations and the Bay Delta Conservation Plan
- Ongoing monitoring of groundwater levels and water quality;
- Coordination and planning to meet the statutory requirements of the Sustainable Groundwater Management Act of 2014;
- Perfection of County water right applications. 29835 and 29657 on the Mokelumne and American Rivers respectively; and,
- Implementation of the 2012-2015 drought awareness and water conservation campaign.

The 1999 Strategic Plan to Meet Water Needs was updated and re-adopted by the Board of Supervisors in 2015. The 2015 Strategic Plan to Meet Water Needs is the foundation of the Water Resources Program of the District. The fees calculated in this Fee Analysis Report are necessary to fund the activities of the Department of Public Works in pursuit of the goals and activities set forth in the adopted 2015 Strategic Plan to Meet Water Needs.

## **SECTION 11- COST OF SERVICE**

### **Objective of the Property Fee Analysis Report**

The Zone No. 2 Fee analysis Report (Report) was prepared using principles established by the American Water Works Association. The American Water Works Association (AWWA) "Principles of Water Rates, Fees, and Charges -AWWA Manual M1" (the M1 Manual) establishes commonly accepted professional standards for cost of service studies. The M1 Manual general principles of rate structure design and the objectives of the Study are described below.

According to the M1 Manual, the first step in the rate making analysis is to determine the adequate and appropriate funding of a utility or utility-related service. This is referred to as the "revenue requirements" analysis. This analysis considers the short-term and long-term service objectives of the service over a given planning horizon, including operations and maintenance, personnel, and in the case of Zone No. 2, coordination with shared local water interests within San Joaquin County, to determine the adequacy of a service's existing funding to recover its costs and fund its services. A number of factors may affect these projections, including the number of local agencies and projects served, water-use trends, weather, conservation, use restrictions, inflation, interest rates, State and Federal grant funding, and other changes in operating and economic conditions.

After determining a service's revenue requirements, the next step is determining the cost of service. Utilizing the District's approved budget, financial reports, operating data, and presentations, a rate analysis generally categorizes or functionalizes the costs (such as local agency contributions, and personnel), operating expenses, and assets of the District among major operating functions to determine the cost of service.

After the services and the costs of providing those services are properly categorized by function, the rate analysis allocates those "functionalized costs" to the various customer classes (e.g., single-family residential, multi-family residential and commercial) by determining the characteristics of those classes and the contribution of each to incurred costs such as service characteristics and/or demand patterns. Rate design is the final part of the M1 Manual's rate-making procedure and generally uses the revenue requirement and cost of service analysis to determine appropriate rates for each customer class.

The major objectives of the fee analysis include the following:

1. Develop financial plans for the coordination, management, and oversight of water-related projects and efforts that the Zone No. 2 provides to ensure financial sufficiency, meet operational costs of Zone No. 2, and ensure sufficient funding to sustain the financial health of the District;

2. Develop fair and equitable fees to achieve thE goals and objectives of the District, including groundwater banking, promoting water use efficiency and providing affordability for essential use while in compliance with Proposition 218 requirements;
3. Develop a 5-year rate structure proposal with a property related fee strategy for Zone No. 2.

The fee analysis was conducted in three phases:

1. Design of the financing mechanism;
2. Development of a financia! plan, cost of service analyses and fee design;
3. Fee implementation and adoption.

This report provides an overview of the analysis and includes findings and recommendations for a water conservation financia! plan and associated fee amounts.

### **Legal Requirements**

There are two Constitutional provisions that govern and impact water rates - Article X, Section 2 ("Article X") and Article XIII D, Section 6 ("Article XIII D").

Article X was added to the California Constitution in 1928 as former Article XIV, Section 3, and amended in 1976. Article X provides that:

"It is hereby declared that beca use of the con ditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficia! use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficia! use thereof in the interest of the pi ople and for the public welfare. "

In November 1996, California voters approved Proposition 218, which amended the California Constitution by adding Article XIII C and Article XIII D. Article XIII D placed substantive limitations on the use of the revenue collected from property-related fees and on the amount of the fee that may be imposed on each parcel. Addiitionally, it established procedural requirements far imposing new, or increasing existing, property-related fees. Water management service fees are considered property-rE!!lated fees.

In accordance with these provisions, a property-related fee must meet all of the following requirements:

1. Revenues derived from the fee must not exceed the funds required to provide the property-related service;
2. Revenues from the fee must not be used for any purpose other than that for which the fee is imposed;
3. The amount of a fee imposed upon any parcel or person as an incident of property ownership must not exceed the proportional cost of the service attributable to the parcel;
4. The fee may not be imposed for a service, unless the service is actually used by, or immediately available to, the owner of the property subject to the fee. A fee based on potential or future use of a service is not permitted, and standby charges must be classified as assessments subject to the ballot: protest and proportionality requirements for assessments;
5. No fee may be imposed for general governmental services, such as police, fire, ambulance, or libraries, where the service is available to the public in substantially the same manner as it is to property owners.

The five substantive requirements in Article XIII D are structured to place limitations on (1) the use of the revenue collected from property-related fees and (2) the allocation of costs recovered by such fees to ensure that they are proportionate to the cost of providing the service attributable to each parcel. For the District's water service fees, the Report was prepared to comply with the requirements of Article X to maximize the beneficial use of water and the cost-of-service requirements of Article XIII D.

### ***Property Fee Setting Process***

**Revenue Requirements.** The revenue requirements method was used for allocating costs. This methodology is consistent with industry standards established by the MI Manual. The revenue requirements analysis compares the revenues of the District's water management oversight to its operating costs to determine the adequacy of any existing funding sources to recover the District's costs. The revenue requirements are analyzed through the development of a long-term financial plan. Based on the best information currently available, the current financial plan incorporates projected operations and management costs, capital expenditures, growth, and conservation assumptions to estimate annual revenues.

**Cost of Service.** After determining the District's revenue requirements, the next step in the analysis is determining the cost of service. The analysis arranged the costs, expenses, and programs of the District by major operating functions to determine the cost of service. After the programs and the costs of operating those programs were properly categorized by function, the analysis classified them and allocated the revenue requirements to the various customer classes (e.g., single-family residential, agricultural, and commercial) by determining the characteristics of those classes and the customer class's contribution to the incurred costs such

as service characteristics and water demand patterns. This analysis included a review of such matters as program operations and water management data-e.g., water demand, and customer service types. The impact that these matters have on program operations determined how the costs were allocated among the various customer classes.

**Fee Design.** The final part of the analysis was the property fee design. The property fee design involved developing a fee structure that proportionately recovers costs from customers. The final fee structure and fee recommendations were designed to: fund the District's long-term projected costs of providing water coordination, management, and oversight services, proportionally allocating costs to all customers, providing a reasonable and prudent balance of revenue stability for Zone No. 2 operations while encouraging efficiency, and complying with the substantive requirements of Article XIII D.

**SECTION 111- SERVICE AREAS & ZONE NO. 2 HUDGET**

***Irrigated Land Area***

For any fiscal year commencing with Fiscal Year 2015,-2016, parcels with a land use code related to agriculture, farms (excluding dry farms), or irrigated open space as of the latest San Joaquin County Assessor Secured Property Tax Roll data are designated as Irrigated Land Parcels. This also includes the landscaped portion of Developed Land Area parcels, as discussed in SECTION IV- PROPERTY FEE METHODOLOGY.

***Developed Land Area***

For any fiscal year commencing with Fiscal Year 2015,-2016, parcels not assigned a vacant land use code within the latest San Joaquin County Assessor Secured Property Tax Roll data are designated as Developed Land Parcels. However, Developed Land Area parcels also have an Irrigated Land Area associated with them, as discussed in SECTION IV - PROPERTY FEE METHODOLOGY.

***Apportionment of Cost by Service Area***

Analysis of correlated characteristics on a singular basis did not provide an equitable division of cost between Service Areas in proportion to service received. Given this, two characteristics, population and acreage, were both used equally to best reflect the services provided by Zone 2. The combination of these characteristics is termed "People-Acres". Table 1 below illustrates the percentage of service provided. The estimates included in the table below are based on multiple sources, including the 2010 US Census, and 2013 San Joaquin County Crop Report.

**Table 1- Percentage of Service by Service Area**

<b>Service Area</b>	<b>Estimated Population</b>	<b>Acres</b>	<b>People-Acres</b>	<b>Percentage of Service Provided</b>
<b>Irrigated Land</b>	37,365	598,204	22,351,885,927	25.15%
<b>Developed Land</b>	652,635	101,920	66,516,536,423	74.85%
<b>Total</b>	690,000	700,124	<b>88,868,422,350</b>	100.00%

**Zone No. 2 Budget**

The Fiscal Year 2015-2016 Zone No. 2 Budget is shown in Table 2 below. Please see Appendix B for a map of the parcels by Service Area.

Table 2- Zone No. 2 FY 2015-2016 Budget

<b>Water Investigation :zone No. 2</b>	
<b>Estimated Fiscal Year 2015-2016 Budget</b>	
Strategic Plan to Meet Water Needs	\$1,100,500
Noticing (per CA Gov. Code 53756 and Prop. 218)	\$137,000
County Auditor-Controller Cost	\$12,500
<b>Total Budget</b>	<b>\$1,250,000</b>
 <b>2015 Strategic Plan to Meet Water Needs Program Goals</b>	
1.	Protect and Preserve Existing Water Rights and Area of Origin Rights.
2.	Manage Groundwater in Eastern San Joaquin County.
3.	Protect Delta Water Resources Common Pool
4.	Maintain Existing and Develop New Water Supplies to Meet Southwest County Needs.
5.	Develop Financial Programs to Meet Water Supply Needs.
6.	Support Water Conservation Programs.

**SECTION IV - PROPERTY FEE METHODOLOGY**

The fee methodology is centered on water demand by land use (acre feet of water per acre or dwelling unit), parcel size, and a water demand factor by land use and irrigated and developed land. First, all parcels within the County are classified by a summarized land use code and their respective estimated percentage of irrigated and developed land, which is shown in Table 3 below.

**Table 3 - Land Use Summary**

Land Use	Parcels	Percent Irrigated	Percent Developed	Percent Hardscape
Agricultural	19,773	100%	0%	0%
Irrigated Land	542	100%	0%	0%
Commercial	5,254	5%	40%	55%
Industrial	2,896	5%	45%	50%
Office	2,373	5%	50%	45%
Parking Lot	508	5%	0%	95%
Recreation	569	75%	20%	5%
School	318	50%	10%	40%
Multi-Family Residential	17,404	62%	38%	0%
Single Family Residential	155,265	73%	27%	0%
Vacant	13,860	0%	0%	0%
Exempt	1,799	0%	0%	0%
<b>Total</b>	<b>220,561</b>			

Irrigated Land includes landscaped common areas and slopes. Vacant land includes dry farms. Please note that hardscape area for residential property is included as part of the residential water demand factor, therefore, there is no percent hardscape represented above for residential property.

Next, after classification, a parcel fee is calculated by multiplying the parcel's acreage or dwelling unit count by either the Irrigated Land Multiplier or Developed Land Multiplier (either a percentage of Unimproved or Improved Acres, depending on the parcel classification). The resulting product is then multiplied by a Water Demand Factor. Each Land Use type has a specific Water Demand Factor based on indoor and outdoor use. This product yields a parcel's Water Use.

The Zone No. 2 budget for each Service Area is divided by the total water use within each Service Area. The resulting quotient is multiplied by the Land Use type's Water Demand Factor and either the Irrigated or Developed Land Multiplier to determine the Service Area Fee Per Unit for that Land Use type in the relevant Service Area. For each Land Use type, the Service Area Fee Per Unit for each Service Area is summed to produce the Combined Service Area Fee Per Unit for the Land Use type. The Combined Service Area Fee Per Unit is multiplied by the parcel's acreage or dwelling unit count, which yields the parcel's Service Area Fee. Finally, the

**SAN JOAQUIN COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT**

**Water Investigation Zone No. 2 - Fee Analysis Report**

**March 10, 2015**

parcel's Service Area Fee is summed with the Per Parcel Fee of \$0.683. This methodology is illustrated by two tables below specific to Service Area.

**Table 4- Irrigated Land Service Area Fee Calculation**

Irrigated Land												
Land Use Classification	Parcels	Dwelling Units	Irrigated Land Multiplier	Acreage	Adjusted Acres	Water Demand Factor	Unit	Water Use	Service Area Fee Per Unit	Unit of Measure	Fee Per Parcel	Unit of Measure
Agricultural	19,773		100%	585,311	585,311	3.300	AF/ae	1,931,526	\$ 0.43	perae	\$ 0.683	perpc1
Irrigated Land	542		100%	4,200	4,200	4.000	AF/ac	16,802	\$ 0.52	oerac	\$ 0.683	oerocl
Commercial	5,254		5%	16,482	824	4.000	AF/ac	3,296	\$ 0.03	oerac	\$ 0.683	oerocl
Industrial	2,896		5%	14,108	705	4.000	AF/ac	2,822	\$ 0.03	perac	\$ 0.683	oerpcl
Office	2,373		5%	7,432	372	4.000	AF/ac	1,486	\$ 0.03	oerae	\$ 0.683	perocl
Parking Lot	508		5%	493	25	0.500	AF/ae	12	\$ 0.00	perac	\$ 0.683	perpcl
Recreation	569		75%	6,667	5,000	4.000	AF/ae	20,000	\$ 0.39	perae	\$ 0.683	perpcl
School	318		50%	3,533	1,767	4.000	AF/ae	7,066	\$ 0.26	perac	\$ 0.683	perpcl
Multi-Family Residential	17,404	56,354	62%		-	0.650	AF/du	22,701	\$ 0.05	oerDU	\$ 0.683	oerpcl
Single Family Residential	155,265		73%	48,932	35,587	3.500	AF/ae	124,555	\$ 0.33	oerac	\$ 0.683	oerocl

**Table 5 - Developed Land Service Area Fee Calculation**

Developed Land												
Land Use Classification	Parcels	Dwelling Units	Developed Land Multiplier	Acreage	Adjusted Acres	Water Demand Factor	Unit	Water Use	Service Area Fee Per Unit	Unit of Measure	Fee Per Parcel	Unit of Measure
Commercial	5,254	397	40%	16,482	6,593	1.000	AF/ae	6,593	\$ 3.69	perae	\$ 0.683	perpcl
Industrial	2,896	1	45%	14,108	6,349	2.000	AF/ae	12,698	\$ 8.30	oerac	\$ 0.683	oerocl
Office	2,373	-	50%	7,432	3,716	2.000	AF/ac	7,432	\$ 9.22	perae	\$ 0.683	perocl
Recreation	569	-	20%	6,667	1,333	0.200	AF/ae	667	\$ 0.92	perac	\$ 0.683	perpcl
School	318	-	10%	3,533	353	3.000	AF/ae	1,060	\$ 2.77	perae	\$ 0.683	perpcl
Multi-Family Residential	17,404	56,354	38%			0.650	AF/du	14,188	\$ 2.30	oerDU	\$ 0.683	perpcl
Single Family Residential	155,265		27%	48,932	13,345	3.000	AF/ac	46,708	\$ 8.80	perae	\$ 0.683	oerocl
Vacant	13,860	-	0.00	167,613	-	-	AF/ae		\$ -	oerae	\$ 0.683	perocl
Exempt	1,799	-	0.00	6,712	-	-	AF/ac		\$ -	oerac	\$ -	perpcl

This allocation methodology produces cost of service functionalization which recognizes the projected customer service requirements for the District's services and are designed to recover sufficient revenue to enable the District to provide its services County-wide with a direct relationship to the use or utility provided on a parcel-by-parcel basis. Certain parcels within San Joaquin County contain multiple Land Uses. This is due to the fact that these parcels serve multiple functions. That is, a portion of these parcels are both residential and non-residential. Specifically, some urban parcels have both a residential component "Multi-Family Residential" for upper story condominiums and a non-residential component "Commercial" or "Industrial" for a business located on the ground floor of the same building/parcel. Other than these redundancies, the parcels are counted once in the data set.

**SECTION V - PROPERTY FEE CALCULATION**

Usted below in Table 6 and Table 7 are the Zone No. 2 Fiscal Year 2015-2016 Property Fee Structure, and sample property fee calculations, respectively by various land use types, and service areas.

**Table 6 - FY 2015-2016 Property Fee Structure**

Land Use Classification	Combined Service Area Fee Per Unit	Unit of Measure	Fee Per Parcel	Unit of Measure
Agricultural	\$0.429	per ac	\$0.683	per pd
Irrigated Land	\$0.520	per ac	\$0.683	per pd
Commercial	\$3.714	per ac	\$0.683	per pd
Industrial	\$8.323	per ac	\$0.683	per pd
Office	\$9.245	per ac	\$0.683	per pd
Parking Lot	\$0.003	per ac	\$0.683	per pd
Recreation	\$1.312	per ac	\$0.683	per pd
School	\$3.026	per ac	\$0.683	per pd
Multi-Family Residential 1	\$2.357	per DU	\$0.683	per Pcl
Single Family Residential	\$9.131	per ac	\$0.683	per pd
Vacant	\$0.000	per ac	\$0.683	per pd

**Table 7 - Sample Calculations**

Sample Calculations by Land Use	Dwelling Units	Acreage	Fee Rate	Area Service Fee	All Areas per parcel fee	Total Fee
Single Family Residential		0.10	\$9.131 /ac	\$0.91	\$0.68	\$1.60
Single Family Residential		0.25	\$9.131 /ac	\$2.28	\$0.68	\$2.97
Single Family Residential		0.50	\$9.131 /ac	\$4.57	\$0.68	\$5.25
Multi-Family Residential	30.00		\$2.357 /du	\$70.70	\$0.68	\$71.39
Commercial		1.00	\$3.714 /ac	\$3.71	\$0.68	\$4.40
Office		1.00	\$9.245 /ac	\$9.25	\$0.68	\$9.93
Industrial		1.00	\$8.323 /ac	\$8.32	\$0.68	\$9.01
Recreation		5.00	\$1.312 /ac	\$6.56	\$0.68	\$7.24
School		5.00	\$3.026 /ac	\$15.13	\$0.68	\$15.81
Agricultural		10.00	\$0.429 /ac	\$4.29	\$0.68	\$4.97
Agricultural		640.00	\$0.429 /ac	\$274.42	\$0.68	\$275.10
Vacant			\$0.000 /ac	\$0.00	\$0.68	\$0.68

**Annual Adjustment to Property Fees**

Per California Government Code § 53756, the Zone No. 2 Property Fees are established upon approval by the Board of Supervisors and will be subject to an annual inflator, at the Board of Supervisor's discretion, based on the All Items Consumer Price Index for All Urban Consumers

(CPI-U) for the San Francisco-Oakland-San Jose, CA CPI-U for the month of February each calendar year, with a maximum of a 3% increase in the fee for any given fiscal year. This adjustment is meant to offset anticipated escalations in operating expenses of the District in its oversight of Zone No. 2 and the associated services. Detail adjustments are shown in the Table 8 below.

**Table 8 - Maximum Annual Fee Adjustments**

Land Use Classification	FY 2015/16 Maximum Fee	FY 2016/17 Maximum Fee	FY 2017/18 Maximum Fee	FY 2018/19 Maximum Fee	FY 2020/21 Maximum Fee	FY 2021/22 Maximum Fee	Unit of Measure
Agriculture 1	\$0.429	\$0.442	\$0.455	\$0.469	<b>\$0.483</b>	\$0.497	per ac
Irrigated Land	\$0.520	\$0.535	\$0.551	\$0.568	\$0.585	\$0.603	per ac
Commercial	<b>\$3.714</b>	<b>\$3.825</b>	\$3.940	\$4.058	<b>\$4.180</b>	\$4.305	per ac
Industrial	\$8.323	\$8.573	\$8.830	\$9.095	\$9.368	\$9.649	per ac
Office	\$9.245	\$9.523	\$9.808	\$10.103	\$10.406	\$10.718	per ac
Parking Lot	\$0.003	\$0.003	\$0.003	\$0.004	\$0.004	\$0.004	per ac
Recreation	\$1.312	\$1.351	\$1.392	<b>\$1.433</b>	<b>\$1.476</b>	\$1.521	per ac
School	\$3.026	\$3.116	\$3.210	\$3.306	\$3.405	\$3.508	per ac
Multi-Family Residential	\$2.357	\$2.428	\$2.500	\$2.575	\$2.653	<b>\$2.732</b>	per DU
Single Family Residential	\$9.131	\$9.405	\$9.687	\$9.978	\$10.277	\$10.585	per ac
Vacant	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	per ac
All Land Uses	\$0.683	\$0.704	\$0.725	\$0.747	\$0.769	\$0.792	per pd

Fee increases beyond the period shown above require an additional noticing process at a later date.

**SECT/ON VI - REFERENCES**

GEI Consultants, Inc. & Center for Collaborative Policy Environmental Science Associates. (2014). *2014 Eastern San Joaquin Integrated Regional Water Management Plan Update*. Stockton, CA.

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United States Census Bureau. (2011). *2010 US Census*. Washington, O.E.

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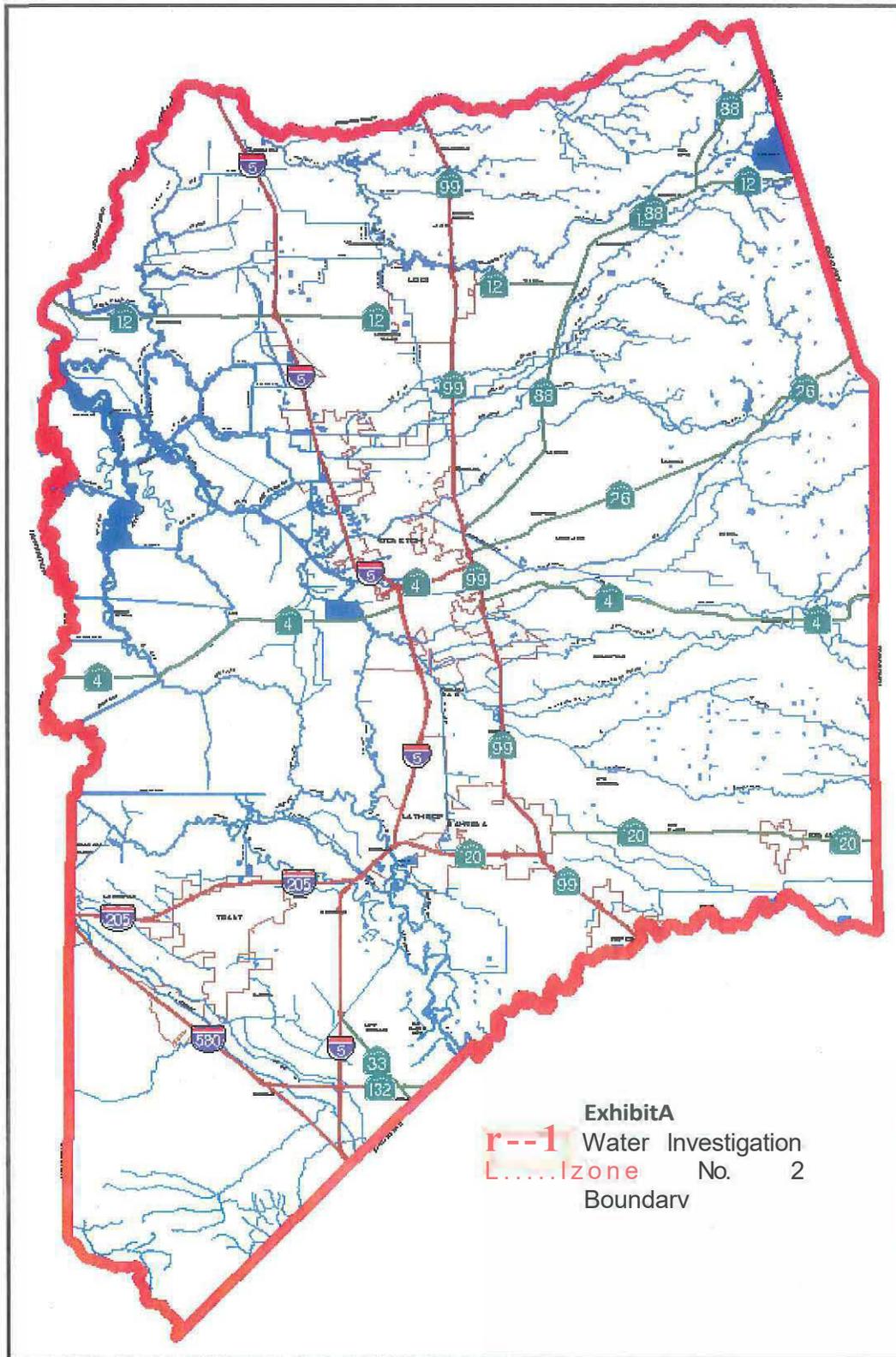
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**APPENDIX A - LISTING OF PROPERTY FEE BY ASSESSOR PARCEL NUMBER**

Reference is made here to the property fee listing by San Joaquin County Assessor Parcel Number, on file with the Clerk of the Board of the San Joaquin County Flood Control & Water Conservation District.

APPENDIX B - SERVICE AREA MAP



**COUNTY OF SAN JOAQUIN  
FLOOD CONTROL & WATER CONSERVATION DISTRICT**

**PUBLIC NOTICE OF  
WATER INVESTIGATION ZONE NO. 2 FEE**

**Owner/ Company**  
**Mailing Address**  
**City, State Zip Code**

**ASSESSOR'S PARCEL NO.**  
**SITUS:**  
**Proposed 2015-2016 Fee:**

**THIS NOTICE PROVIDES IMPORTANT INFORMATION ABOUT  
A PROPOSED PROPERTY-RELATED FEE AND THE MAJORITY PROTEST PROCESS**

**THE SAN JOAQUIN FLOOD CONTROL AND WATER CONSERVATION DISTRICT (DISTRICT)**

The District was formed in 1956 to construct, operate, maintain, and plan flood control, water supply, drainage, and groundwater recharge projects in order to protect life, property, and health of San Joaquin County (County) residents and help ensure the economic, environmental and social viability of our community. The San Joaquin County Board of Supervisors (Board) serves as the governing Board for the District. The District is staffed by the Department of Public Works.

**WHAT FEES ARE BEING CONSIDERED?**

The established fee is applied to each property or parcel County-wide. For a more complete breakdown of the fees please refer to the complete, proposed Rate Resolution available on the County website or at the Clerk of the Board's office. The proposed rates are established upon approval by the District Board and will be subject to an annual inflator, at the District Board's discretion, based on the All Items Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose, CA CPI-U for the month of February each calendar year, with a maximum of a 3 percent increase in the fee for any given fiscal year.

**THE NEED FOR THE FEE**

This notice concerns the District's proposal to create a fee to fund the operations of Water Investigation Zone No. 2 (Zone No. 2). The existing funding for Zone No. 2 ends in June of this year. The proposed fee would replace this funding, which is needed for: (1) groundwater and surface water planning and management; (2) water rights investigation; (3) water conservation and drought activities during dry-years; and (4) policy and activity administration. The proposed fees by service area are shown below. Rates in future years beyond Fiscal Year 2015-2016 will include an annual inflator equal to the annual increase in the Bay Area Consumer Price Index ("CPI") or 3 percent, whichever is greater.

**PUBLIC NOTICE AND MAJORITY PROTEST PROCESS**

In 1996, California voters adopted Proposition 218. Among other things, Proposition 218 requires a specific process for Cities to impose or increase certain types of fees. In particular, the provisions of Proposition 218 set forth in Article XIII D of the California Constitution provides that certain types of "Property Related Fees" are subject to a "majority protest" process. This Notice is a part of that process. On March 24, 2015, the District's Board adopted Resolution No. R-1537, detailing the majority protest process. The District has determined that its Zone No. 2 fees are "Property Related Fees" under Proposition 218. You are being provided with this notice as the identified owner of real property in the County of San Joaquin subject to this "property related fee". As a property owner you have a right to submit a completed written protest to the proposed rate change (see form below).

## WHEN WILL THE DISTRICT CONSIDER THE FEES?

The District's Board will consider the adoption of the proposed fees at a Public Hearing on:

**Tuesday, May 19, 2015**  
9:00 a.m. - Chambers of the Board of Supervisors  
44 N. San Joaquin Street, Sixth Floor, Suite 627  
Stockton, California 95202-2924

## WHEN WOULD THE PROPOSED FEES BE EFFECTIVE?

If a majority of the affected property owners submit protests, the proposed property-related fee will not be imposed; otherwise the fee will become effective on July 1, 2015, following adoption by the District's Board.

## IS THERE A RIGHT TO PROTEST?

**Yes.** However, under Proposition 218, only property owners may protest the proposed rates. All protests must be in writing and include an original signature, and must be completed and submitted as set forth below. Protests submitted by e-mail or facsimile, as well as verbal protests, will not be counted. All members of the public are entitled to make comments at the Public Hearing, regardless of whether they choose to submit a written protest or own property that would be subject to the new or increased fee or charge. You may file a protest two ways:

1. **Written protests by mail.** If you wish to submit your protest by mail, it must be received no later than the close of the Public Protest Hearing scheduled for 9:00 a.m. on May 19, 2015. You may mail or hand-deliver your written protest in advance of the Public Hearing, to the Department of Public Works, Attention: Brandon Nakagawa, 1810 East Hazelton Avenue, Stockton, California 95201-1810. For a full description of the protest hearing procedures, see the reverse side of the proposed property-related fee protest form.
2. **Written protest in person at the Public Hearing.** Your written protest must be received prior to the close of the Public Hearing. In order to be counted, all of the information listed in the form below must be included with your written protest.

The Department of Public Works Water Resources Coordinator, or Designee will tabulate written protests immediately following the close of the Public Hearing and will report the results directly to the District's Board.

- **If you do not want to protest the proposed rates, you do not need to take any action.**
- **If you want to protest the proposed rates, follow the instructions on the reverse side of the protest form.**

**Should you have any questions, please contact the San Joaquin County Department of Public Works - Water Resources Division at (209) 468-3089.**

**COUNTY OF SAN JOAQUIN  
FLOOD CONTROL & WATER CONSERVATION DISTRICT  
Protest Form  
Proposed Water Investigation Zone No. 2 Fees**

Owner

Assessor's Parcel No.

Situs Address

City, State, Zip Cede

[Barcode, if requested]

NO. I protest the proposed fee that is proposed to be effective July 1, 2015, by signing and submitting this form.

***I hereby declare, under penalty of perjury under the laws of the State of California, that I am the owner, or the authorized representative of the owner,, of the parcel identified above.***

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

**SUMMARY OF PROPOSED PROPERTY - RELATED FEE PROTEST PROCEDURES**

If you are the owner of the property described on the enclosed Property-Related Fee and Majority Protest Notice, you may submit the enclosed protest form to the District to protest the proposed property-related fee. Please follow the instructions to complete and return your protest form.

1. Register your protest by completing the protest form.
2. Date, print and then sign your name in ink. Incomplete protests will not be accepted. Do not use pencil.
3. Mail or personally deliver your protest form to the San Joaquin County Department of Public Works, Attention: Brandon Nakagawa, 1810 East Hazelton Ave., Stockton, California 95201-1810. The District must receive mailed protests by 12 noon on May 19, 2015. Postmarks will not be accepted.
4. All protest forms must be received by the District prior to the close of the public input portion of the Public Protest Hearing concerning the proposed property-related fee, which is scheduled for Tuesday, May 19, 2015, at 9:00 a.m., at the County Board Chambers at 44 N. San Joaquin Street, Sixth Floor, Suite 627 Stockton, California 95202-2924.
5. Following the close of the Public Protest Hearing, protests will be tabulated. Each property owner is entitled to one protest per property.
6. At the close of the Public Protest Hearing, the Board may consider adopting the Zone No. 2 property-related fee effective July 1, 2015, only if a majority of land owners have not filed written protest.
7. If a majority of the affected property owners submit written protests, the proposed property-related fee may not be adopted or collected.
8. Your property-related fee protest is not confidential and may be subject to public disclosure.
9. If you do not want to protest the proposed rates, you do not need to take any action.

**Should you have any questions, please contact the San Joaquin County Department of Public Works - Water Resources Division at (209) 468-3089.**

*The information in this notice and the accompanying materials were compiled and are distributed at public expense by the San Joaquin County Flood Control & Water Conservation District in compliance with Proposition 218. This information is presented in the public interest. It is not intended to influence or attempt to influence the actions of any property owners.*