

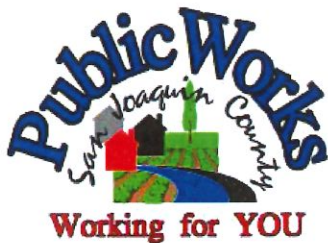


**WALNUT ACRES MAINTENANCE DISTRICT
(SUPERVISORIAL DISTRICT 4)**

October 1, 2018

(Administered by the Department of Public Works)

**ENGINEER'S REPORT
ON
SERVICE CHARGE ADJUSTMENTS
FOR
FISCAL YEAR 2019-20 through 2023-24**



Prepared by
The Department of Public Works

Pursuant to SJC Ordinance Code Section 5-3302 and 5-6812
and Articles XIII C and XIII D of the California Constitution

TABLE OF CONTENTS

| | | |
|-----------|--|----------|
| 1. | INTRODUCTION | 3 |
| 2. | WALNUT ACRES MAINTENANCE DISTRCT | 3 |
| 3. | DESCRIPTION OF SERVICES AND EXPENDITURES..... | 3 |
| 4. | SERVICE CHARGES..... | 4 |
| 5. | OUT OF AREA CUSTOMERS..... | 4 |
| 6. | METHOD OF COST APPORTIONMENT | 4 |
| 7. | ANNUAL SERVICE CHARGES FOR INDIVIDUAL PROPERTIES..... | 5 |
| 8. | APPEALS AND ADJUSTMENTS..... | 5 |

APPENDICES

- Appendix A WALNUT ACRES MAINTENANCE DISTRICT Map
- Appendix B Proposed WALNUT ACRES MAINTENANCE DISTRICT Budget
- Appendix C Annual Service Charges for Individual Properties
- Appendix D Single Family Equivalent Unit by Use Code

WALNUT ACRES MAINTENANCE DISTRICT

1. INTRODUCTION:

The preparation of this report on Special District Service Charges is required by San Joaquin County Ordinance Code Sections 5-3302 and 5-6812(a). These sections require that an annual report be prepared for each service area or special district for which special Service Charges will be imposed and collected on the tax roll. This report is also prepared in compliance with state law, including but not limited to Articles XIII C and XIII D of the California Constitution (Proposition 218) regarding the imposition of new or increased Service Charges. It will be presented to the San Joaquin County Board of Supervisors for adoption and serves as the basis for the proposed Service Charges. This report is on file with and is available for review at the Office of the Clerk of the Board of Supervisors at 44 N. San Joaquin St. Suite 627 and may also be viewed at the Department of Public Works at 1810 E. Hazelton Ave., Stockton, CA or on-line at www.sjgov.org/ud/maint/walnut-acres.

The purpose of this report is to provide detailed information regarding the proposed Service Charge adjustments for WALNUT ACRES MAINTENANCE DISTRICT (District). In compliance with Proposition 218, affected property owners within the District will be mailed a notice of the Public Hearing regarding the proposed increase in Service Charges for water and storm drainage services. If a majority protest does not exist at the conclusion of the Hearing, the Board will be asked to approve the proposed rates, which will become effective in Fiscal Year 2019-20.

2. WALNUT ACRES MAINTENANCE DISTRICT

The District is considered a special district pursuant to the definitions of the California Constitution Article 13D, Section 2(d). A special district is an area determined by an agency to contain all parcels that will receive a special benefit from a proposed public improvement or property-related service.

The County of the San Joaquin Board of Supervisors established the District in 1976. The Resolution, which is filed with the San Joaquin County Clerk of the Board, authorizes the District to establish sufficient Service Charges for operation and maintenance of the water, storm drainage and streetlight system improvements. The District's water system serves 32 residential parcels with non-metered connections.

The District's water system includes 2 wells, 5,716 linear feet of distribution piping, 2 water tanks, and 7 fire hydrants. The storm drainage system includes a 1,900 feet of piping, 10 catch basins, and a storage basin.

3. DESCRIPTION OF SERVICES AND EXPENDITURES

The District currently provides for the operation and maintenance of the public water and

storm drainage systems serving properties within the District.

The proposed 2019-20 budget for the District is listed in Appendix B. The proposed budget is developed in general to include:

- a) Operation and Maintenance costs to pay for routine service and care necessary to properly operate and maintain public improvements, including but not limited to: water distribution system, service laterals, domestic water well facilities, storm drainage collection system and basin. Operation and Maintenance costs include reimbursement to various County departments and other agencies for service provided to the District.
- b) Capital Replacement costs include major repairs and the amounts set aside periodically to pay for future replacement of the major components of the system. The necessary contribution for capital replacement reserves will be phased-in over 5 years in order to provide property owners a more gradual rate increase.

4. SERVICE CHARGES

The Service Charges are utilized to generate the revenues needed to operate and to maintain the District’s facilities. The proposed Service Charges have been developed with the following considerations:

- a) Service Charges and other revenues collected should equal operation costs and provide for future replacement of the system infrastructure.
- b) Major changes in Service Charges should be anticipated in advance and adjusted over a period of years, when feasible to do so.

The following table shows the current and proposed Service Charges per fiscal year. All parcels benefiting from the District’s services receive an annual Service Charge, which are collected annually through the property tax roll of all customers.

| Walnut Acres Maintenance District | Current 2018-19 | Rate Study Period | | | | |
|-------------------------------------|--------------------|-------------------|---------|---------|---------|---------|
| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Annual Water Service Charge/SFE | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| Storm Drainage Service Charge / SFE | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |

The proposed rate(s), if approved, will be effective for Fiscal Years 2019-20 through 2023-24. Effective Fiscal Years 2024-25 through 2028-29, an annual adjustment factor for inflation, not to exceed 5%, may be applied. The adjustment for inflation will be based on the percent change in the Consumer Price Index (CPI) – All Urban Consumers for the San Francisco-Oakland-San Jose areas.

5. **OUT OF AREA CUSTOMERS**

If the County agrees to provide service to parcels outside of the District service boundary by the approval of an Out-of-Area service agreement, the affected parcel shall pay an amount equal to 150% of the Service Charges paid by the parcels within the Special District.

6. **METHOD OF COST APPORTIONMENT**

The annual service charges for the District's residential parcels are based upon a Single Family Equivalent (SFE) unit, which refers to the service level a typical single-family dwelling unit would receive. The Service Charges are apportioned among all lots and parcels within the District by use type as set forth in Appendix D. All parcels within the District are charged based on the proportional cost of service as compared to a single-family dwelling. The SFE method is generally recognized by municipalities as the basis for a fair and appropriate distribution. In some cases, certain user types require special studies to establish Service Charges. A special study was conducted for one property in this district. The property is the site of the district storm drainage basin and was assigned 0 SFE.

7. **PROPERTY OWNER LIST AND TAX ROLL**

Appendix C contains a list of the San Joaquin County's Assessor Parcel numbers for all the properties within the boundaries of the District. The list further contains the Service Charge amounts for each benefitting parcel within the District. The list is keyed to the records of the San Joaquin County Assessor.

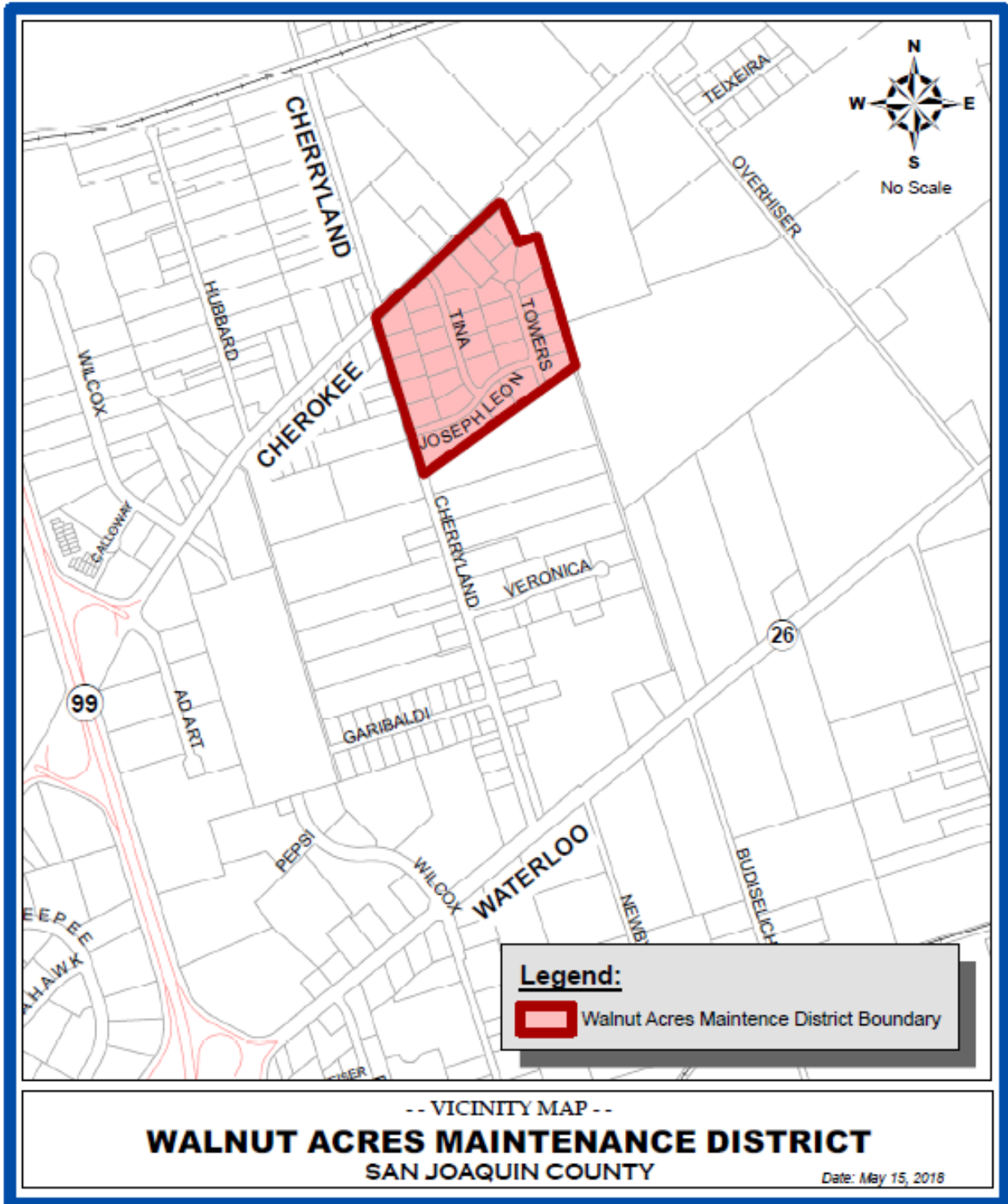
8. **APPEALS AND ADJUSTMENTS**

Any property owner who feels that the Service Charge levied on the subject property is in error as a result of incorrect information may contact the County of San Joaquin, Department of Public Works. The Department of Public Works will promptly review the appeal and respond to the appellant. Adjustments to the Service Charge may be made based on the site specific information. If any changes are warranted, the correction will be made to the next regular tax roll Service Charge amount.

APPENDIX A

VICINITY MAP

APPENDIX A
WALNUT ACRES MAINTENANCE DISTRICT MAP



APPENDIX B

PROPOSED BUDGET

APPENDIX B
WALNUT ACRES MAINTENANCE DISTRICT BUDGET

| Walnut Acres Maintenance District | Current 2018-19 | Rate Study Period | | | | |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| SFEs | 32 | 32 | 32 | 32 | 32 | 32 |
| Annual Water Service Charge/SFE | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| Storm Drainage Service Charge / SFE | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| Streetlight Service Charge / SFE | \$40 | \$40 | \$40 | \$40 | \$40 | \$40 |
| Revenue: | | | | | | |
| Annual Service Charges - water | \$33,856 | \$50,944 | \$58,112 | \$65,056 | \$72,032 | \$79,040 |
| Annual Service Charges - storm drainage | \$1,440 | \$2,368 | \$3,328 | \$4,320 | \$5,312 | \$6,304 |
| Annual Service Charges - street lighting | \$1,280 | \$1,280 | \$1,280 | \$1,280 | \$1,280 | \$1,280 |
| Other Income | (\$18) | (\$111) | \$37 | \$198 | \$364 | \$536 |
| Total Revenue | \$36,558 | \$54,481 | \$62,757 | \$70,854 | \$78,988 | \$87,160 |
| Expenses: | | | | | | |
| Water: | | | | | | |
| Labor (maintenance, engineering, admin) | \$23,386 | \$23,673 | \$24,380 | \$25,109 | \$25,859 | \$26,632 |
| Electricity | \$5,692 | \$5,692 | \$6,140 | \$6,325 | \$6,514 | \$6,710 |
| Equipment & Materials | \$1,793 | \$1,847 | \$1,903 | \$1,960 | \$2,018 | \$2,079 |
| License and Permit | \$1,274 | \$1,312 | \$1,352 | \$1,392 | \$1,434 | \$1,477 |
| SEWD Pump Tax | \$17,753 | \$18,286 | \$18,834 | \$19,400 | \$19,981 | \$20,581 |
| Capital Replacement Reserves | \$0 | \$0 | \$5,524 | \$11,048 | \$16,573 | \$22,097 |
| Total Water Expenses | \$49,898 | \$50,810 | \$58,134 | \$65,233 | \$72,380 | \$79,576 |
| Storm Drainage: | | | | | | |
| Labor (maintenance, engineering, admin) | \$2,262 | \$2,330 | \$2,399 | \$2,471 | \$2,545 | \$2,621 |
| License and Permit | \$10 | \$10 | \$11 | \$11 | \$11 | \$12 |
| Capital Replacement Reserves | \$0 | \$0 | \$916 | \$1,833 | \$2,749 | \$3,666 |
| Total Storm Drainage Expenses | \$2,272 | \$2,340 | \$3,326 | \$4,315 | \$5,305 | \$6,298 |
| Streetlight: | | | | | | |
| Labor (maintenance, engineering, admin) | \$294 | \$303 | \$311 | \$320 | \$330 | \$339 |
| Electricity | \$2,600 | \$2,678 | \$2,758 | \$2,841 | \$2,926 | \$3,014 |
| Total Streetlighting Expenses | \$2,894 | \$2,981 | \$3,070 | \$3,161 | \$3,256 | \$3,353 |
| Total Expenses | \$55,065 | \$56,131 | \$64,530 | \$72,709 | \$80,941 | \$89,226 |
| Annual Surplus (Shortfall) | (\$18,507) | (\$1,649) | (\$1,772) | (\$1,855) | (\$1,953) | (\$2,066) |
| Beginning Operating Fund Balance | (\$3,505) | (\$22,012) | (\$23,661) | (\$25,433) | (\$27,288) | (\$29,241) |
| Ending Operating Fund Balance | (\$22,012) | (\$23,661) | (\$25,433) | (\$27,288) | (\$29,241) | (\$31,307) |
| Capital Reserves | \$0 | \$0 | \$6,441 | \$19,322 | \$38,644 | \$64,406 |
| Total Funds Balance | (\$22,012) | (\$23,661) | (\$18,993) | (\$7,966) | \$9,403 | \$33,099 |

APPENDIX C

ANNUAL SERVICE CHARGES FOR INDIVIDUAL PROPERTIES

APPENDIX C
WALNUT ACRES MAINTENANCE DISTRICT
ANNUAL SERVICE CHARGES

| Walnut Acres Water | | | Annual Water Service Charges | | | | | |
|--------------------------|----------|-----------|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assessor's Parcel Number | Use Code | SFE | Current FY 2018-19 | Proposed FY 2019-20 | Proposed FY 2020-21 | Proposed FY 2021-22 | Proposed FY 2022-23 | Proposed FY 2023-24 |
| 08705418 | 51 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721001 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721002 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721003 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721004 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721005 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721006 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721007 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721008 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721009 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721010 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721011 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721012 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721013 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721014 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721015 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721016 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721017 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721018 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721019 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721020 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721021 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721022 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721023 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721024 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721025 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721026 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721027 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721028 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721029 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721030 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721031 | 10 | 1 | \$1,058 | \$1,592 | \$1,816 | \$2,033 | \$2,251 | \$2,470 |
| 08721032 | 944 | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | | 32 | \$33,856 | \$50,944 | \$58,112 | \$65,056 | \$72,032 | \$79,040 |

| Walnut Acres Storm Drainage | | | Annual Storm Drainage Service Charges | | | | | |
|-----------------------------|----------|-----------|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assessor's Parcel Number | Use Code | SFE | Current FY 2018-19 | Proposed FY 2019-20 | Proposed FY 2020-21 | Proposed FY 2021-22 | Proposed FY 2022-23 | Proposed FY 2023-24 |
| 08705418 | 51 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721001 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721002 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721003 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721004 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721005 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721006 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721007 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721008 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721009 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721010 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721011 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721012 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721013 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721014 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721015 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721016 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721017 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721018 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721019 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721020 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721021 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721022 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721023 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721024 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721025 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721026 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721027 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721028 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721029 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721030 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721031 | 10 | 1 | \$45 | \$74 | \$104 | \$135 | \$166 | \$197 |
| 08721032 | 944 | 0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | | 32 | \$1,440 | \$2,368 | \$3,328 | \$4,320 | \$5,312 | \$6,304 |

APPENDIX D

SFEs BY USE CODE

APPENDIX D
WALNUT ACRES MAINTENANCE DISTRICT USE CODES

| USE CODE | DESCRIPTION | MINIMUM SFE FACTOR | |
|----------|-----------------------------------|--------------------|----------------|
| | | WATER | STORM DRAINAGE |
| | RESIDENTIAL | | |
| 10 | SINGLE FAMILY RESIDENTIAL | 1 | 1 |
| 51 | RURAL RESIDENCE - 1 RESIDENCE | 1 | 1 |
| | UTILITIES & GOVERNMENT | | |
| 944 | MISC. DISTRICT PROPERTY | Special Study | |