

# ***PAJARO/SUNNY MESA***

COMMUNITY SERVICES DISTRICT

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## Frequently Asked Questions (FAQ) Regarding Proposed Increases in Water and Rate Fees

### **1. The cost of the Emergency Generators seems high. Did the District go to bid?**

PSMCSD is a member of Sourcewell, a government agency that meets all bid requirements through cooperative purchasing contracts i.e.: larger quantity purchases at the lowest possible cost. PSMCSD advertised a request for proposal, for the generator project, with no response.

### **2. Why aren't we using mobile generators?**

Mobile / Portable generators were considered, and the determination was made that this was not a practical solution, based on cost, safety, and minimal coverage area.

### **3. We have not had a county wide electric shut down. Do we really need this Emergency Generator System?**

Yes, the possibility will always exist, that P.G. & E. could shut off power in the future, as well as unplanned outages. Power outages can create a low or no-water pressure situation which would then create a water emergency and potential water quality issue. Generators may help to mitigate the low fire insurance rating and discourage insurance carriers from canceling fire insurance in our area.

### **4. How long will it take to install the system?**

Estimated project completion is approximately 5 years dependent on several factors, lead-time of equipment, availability of contractors and materials.

### **5. Will everyone be protected from electrical power shut down?**

Every water system facility that requires electricity will have a back-up generator installed, so all ratepayers will have water available, water storage tanks will be kept full and fire hydrants will be pressurized.

**6. Will the system self-start if there is an electrical power shut down?**

Yes, all generators will be equipped with an automatic transfer switch (ATS), providing uninterrupted power supply.

**7. Why can't we decide by each water system to opt in or out of the emergency generator installation?**

PSMCSD's Board of Directors has decided that all water systems in the District are to be viewed as one universal component, with all costs shared and all rates charged on the same schedule. Generators are needed in every one of the nine water systems.

**8. How will the purchase be financed?**

The generator project will be financed through long term bonds, with a term of 25 years, with a total cost of \$2,800,000 estimated interest rate is 4%

**9. Did we try to get a grant to fund the purchase of the emergency generators?**

The District has searched for grant funding for the generator purchases, to no avail. The District did apply for a grant for Pajaro, which is a disadvantaged community and was not successful. The District also approached P.G. & E. for financial assistance and that request was denied.

**10. How much are you going to add to the Reserve Account?**

Financial reserve accounts need to be increased by approximately \$750,000 over the next five years (\$150,000 annually) to meet the recommended levels.

**11. What is meant by Administrative Expense?**

Administrative expenses, as well as operational and maintenance costs, increase every year due to water treatment chemicals, repair, and replacement of equipment i.e., valves, pumps, pipes etc.

Salary requirements, costs of goods and services and maintaining sufficient levels of insurance, typically increase on an annual basis.

Please contact the District with any questions. Questions and Answers will be updated daily on the District website; [www.pajarosunnymesa.com](http://www.pajarosunnymesa.com)