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Contact: Peter Rietkerk, SSJID General Manager
(209) 249-4645 or prietkerk@ssjid.com

SSJID Board of Directors Passes 2022 Budget *Debt-Free District Looks Ahead to Future Years*

MANTECA, CA – South San Joaquin Irrigation District (SSJID) Board of Directors passed its 2022 budget at its regular board meeting on November 23. The overall budget, totaling \$37.7 million for operating expenses and \$7.3 million for capital expenditures, is underscored by an expectation of continuing drought and inflationary cost increases, resulting in a projected deficit of approximately \$5.8 million.

Expecting continuing drought, SSJID's Tri-Dam Project revenues are anticipated to be \$8 million, which represents approximately \$2 million less than historical average, and \$7.8 million less than the 2020 year. The Tri-Dam Project is a series of reservoirs and hydropower projects owned and operated in partnership with Oakdale Irrigation District.

The district is expecting to tap into financial reserves in 2022 to continue investments in long-term capital projects like the Canyon Tunnel, implement new concrete-pipe lining technology expected to provide significant long-term cost savings, and continue its effort to provide reliable, affordable, and accountable retail electric service. The district also deferred several capital projects and is expecting to leave at least two open employment positions unfilled to curb spending in 2022.

"The board made a decision to ensure the ongoing reliability of its operations," stated SSJID Board President Robert Holmes. "Our cash position and our strong financial reserves allow the district year-to-year flexibility to weather this fluctuation."

"Preparing the 2022 budget was extremely difficult when faced with the double-whammy of reduced revenue expectations and inflationary cost increases," noted SSJID General Manager Peter Rietkerk. "The board clearly acknowledged the utility of having a strong financial position and reserves to weather difficult years, while also understanding that further work is needed to protect the overall economic position of the district over the long-term. Down revenue years at Tri-Dam expose vulnerabilities in the district's business model that need to be addressed in order to ensure long-term financial and operational stability for our customers and communities."

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Budget Highlights:

- Due to the design of SSJID's irrigation rates, the possibility of a dry year is estimated to have a relatively small five percent effect on irrigation revenue, largely because irrigation charges are mostly in the form of a fixed annual charge per acre.
- The fact that irrigation revenues are very small in comparison to irrigation expenses means that a five percent decrease has a small financial impact.
- For the Nick DeGroot Water Treatment Plant serving Manteca, Lathrop, and Tracy, the district is planning for construction of back-up generation to improve reliability of treated water deliveries to these communities.
- The budget includes approximately \$2.5 million in additional expenses, primarily related to the renewed legal activity around SSJID's eminent domain lawsuit to acquire and operate PG&E's retail electric assets district. These expenses are to further SSJID's project to serve our local communities with local, reliable, and economical power. Other increases are attributed to consulting costs for necessary improvements at the water treatment plant, solar farm, engineering, and updates for the district's strategic plan.
- SSJID is expected to create one new position next year, an associate civil engineer to assist with increased activity from city growth and development affecting SSJID facilities and fill 6 of 8 existing open positions. Additional payroll increases are related to an annual 3 percent in cost-of-living adjustments, and performance-based step increase for qualifying employees. The district is also expecting a decrease in payroll taxes and benefits due to decreases in workers compensation expenses and coronavirus related leave programs that are not anticipated for 2022.
- The SSJID Board of Directors authorized full payment of nearly all of the district's \$11 million in unfunded pension liability in 2021. This move is expected to save the district nearly \$8.3 million in interest and combined with the fact that the district does not currently have outstanding bonds, makes SSJID debt-free.

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About the South San Joaquin Irrigation District (SSJID)

South San Joaquin Irrigation District was established in 1909 and is headquartered in Manteca, CA. SSJID provides agricultural irrigation water to about 56,000 acres surrounding Escalon, Ripon and Manteca, and wholesale drinking water to over 193,000 residents in Manteca, Lathrop, Tracy, and in the future, Escalon. SSJID, along with Oakdale Irrigation District, owns and operates the Tri-Dam Project, a series of storage reservoirs and electric generation facilities that produce zero-carbon hydropower in the Stanislaus River watershed.

Learn more at www.ssjid.com, or follow SSJID on Facebook (<https://www.facebook.com/SSJIDofficial/>) and LinkedIn (<https://www.linkedin.com/company/ssjid>).