RESOLUTION OF THE BOARD OF DIRECTORS OF PALMDALE WATER DISTRICT MODIFYING THE POLICY REGARDING CAPITAL IMPROVEMENT FEES FOR NEW WATER SERVICE CONNECTIONS AND ADOPTING NEW WATER SUPPLY FEE

RESOLUTION NO. 13-12

WHEREAS, following an update of its master plan in 1989, Palmdale Water District ("District") adopted a Capital Improvement Plan ("CIP") and a Capital Improvement Fee Policy ("Policy") which is set forth in Exhibit "H" to the District's Rules and Regulations; and

WHEREAS, the Policy established Capital Improvement Fees ("CIF") to be paid in connection with new service connections within the District's service area; and

WHEREAS, the new capital improvements identified in the CIP are the basis for determining the CIF under the Policy; and

WHEREAS, the purpose of the CIF is to create a fund to finance the estimated reasonable cost of capital improvements shown on the CIP to meet anticipated demand for water service arising from new connections; and

WHEREAS, as required under California Government Code Section 66002(b), the District has annually reviewed and, when necessary, updated the CIP and, based upon changes to the CIP, has modified the Policy and adjusted the CIF in accordance therewith; and

WHEREAS, since the initial planning period for the CIP would have expired in 1996, the District engaged Montgomery Watson in June, 1995, to review, study and update its master plan and to make recommendations to modify the CIP to meet projected needs and demands through the year 2005; and

WHEREAS, in January, 1996, Montgomery Watson submitted its final report entitled Water System Master Plan ("1996 Master Plan"), which report, among other things, made recommendations concerning the CIP to meet projected growth and development through year 2005; and

WHEREAS, on September 19, 1996, the District adopted the 1996 Master Plan which contained an updated CIP; and

WHEREAS, the 1996 Master Plan constituted an updating of the CIP, which update included the identification of recommended capital improvements to the District's water system and the estimated cost of constructing the capital facilities required to accommodate projected growth and development through year 2005; and

WHEREAS, following properly noticed and conducted public hearings in 1997, 1998, 1999, and 2000, the District duly adopted resolutions which updated the Capital Improvement Policy and modified the CIF; and

WHEREAS, in 2000, the District retained Montgomery Watson to review, study, and update the 1996 Master Plan and, among other things, make recommendations concerning the CIP to meet projected needs through year 2010; and

WHEREAS, in March 2001, Montgomery Watson submitted its final report entitled Water System Master Plan ("2001 Master Plan") including recommended modifications of the CIP, and the District has approved that report and adopted it as the District's 2001 Master Plan; and

WHEREAS, following properly noticed and conducted public hearings in 2001, 2002, 2003, 2004, 2005, and 2006 the District adopted Resolutions which updated the Capital Improvement Policy and modified the CIF; and

WHEREAS, in light of the economic slowdown which impacted growth and development within the District between 2007 and 2012, the District did not make changes to the CIP over those years; and

WHEREAS, following a properly noticed and conducted public hearing in March, 2013, the District adopted a Resolution which updated the Capital Improvement Policy and modified the CIF; and

WHEREAS, the District has adopted a Strategic Water Resources Plan ("SWRP"), which sets forth recommended water supply acquisitions and projects necessary to meet future anticipated growth within the District; and

WHEREAS, in 2013, the District retained Carollo Engineers to review, study, and calculate a proposed Water Supply Fee necessary to supply the next 14,000 acre feet per year of new water supply that will be necessary to meet anticipated growth and development within the District; and

WHEREAS, the purpose of the Water Supply Fee is to create a fund to finance the estimated reasonable cost of capital projects and water acquisitions necessary to meet anticipated demand for water service arising from new connections; and

WHEREAS, the District has considered the water supply costs and costs of constructing the capital facilities identified in the SWRP and CIP, and the impact on the existing capital improvement fees payable under the Policy and determined that the policy and the fees should be modified; and

WHEREAS, the District has given and published the required notices and conducted a public hearing with respect to the proposed modification of the Policy and CIF payable thereunder; and

WHEREAS, the Board of Directors of Palmdale Water District has found and determined that the establishment of capital improvement fees is exempt from the requirements of the California Environmental Quality Act pursuant to California Public Resources Code Section 21080(b)(8) and further has found and determined that said fees are for the purpose of obtaining funds for capital projects necessary to maintain service within existing service areas.

NOW, THEREFORE, BE IT RESOLVED that, the Board of Directors of Palmdale Water District hereby modifies and amends the Policy by deleting the existing Table 1 from Appendix "H" to the District's Rules and Regulations and inserting in place thereof proposed Table 1 attached hereto and incorporated herein.

FURTHER RESOLVED, that the General Manager of the District be and he hereby is, authorized and directed to implement this modified Policy until further order of the Board.

PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District at a duly called and noticed public meeting of said Board held on October 23, 2013.

President — October 23, 2013 (date)

Secretary — October 23, 2013 (date)

APPENDIX H

CAPITAL IMPROVEMENT FEE

1. *Capital Improvement Fees per Article 10.07C:*

TABLE 1

2014 CAPITAL IMPROVEMENT FEE SUMMARY PER SERVICE ZONE (SINGLE FAMILY DWELLING UNIT)			
SERVICE / BENEFIT ZONE	**INFRASTRUCTURE ($/SFDU)**	**WATER SUPPLY* ($/SFDU)**	**TOTAL**
2800' & 2850'	$1,441	$7,288	$8,729
2950' & 3000'	$1,161	$7,349	$8,510
3200' & 3250'	$9,089	$7,041	$16,130
3400' & 3400' +	$12,274	$7,041	$19,315
*FEE BASED ON TYPICAL SFR DEMAND (0.79 AFY)			

2014 CAPITAL IMPROVEMENT FEE SUMMARY PER SERVICE ZONE (COMMERCIAL AND INDUSTRIAL)			
SERVICE / BENEFIT ZONE	**INFRASTRUCTURE ($/EDU)**	**WATER SUPPLY* ($/AFY)**	**TOTAL**
2800' & 2850'	$1,441	$10,970	BASED ON EDU'S & AFY
2950' & 3000'	$1,161	$10,970	
3200' & 3250'	$9,089	$10,970	
3400' & 3400' +	$12,274	$10,970	
* BASED ON FORECASTED AFY DEMAND			

For the period of January 1, 2015 – December 31, 2015, the Capital Improvement Fees will increase to the amounts shown in the following table, plus the percentage based on the published Construction Cost Index for the comparable time frame, plus the difference in the amount of the fee between 2014 and 2015 that would have been collected by all new connections during 2014 and spread out over the remaining single family dwelling units within the first 14,000 AFY water supply.

2015 CAPITAL IMPROVEMENT FEE SUMMARY PER SERVICE ZONE (SINGLE FAMILY DWELLING UNIT)

SERVICE / BENEFIT ZONE	INFRASTRUCTURE ($/SFDU)	WATER SUPPLY* ($/SFDU)	TOTAL
2800' & 2850'	$1,441	$8,665	$10,106
2950' & 3000'	$1,161	$8,665	$9,826
3200' & 3250'	$9,089	$8,665	$17,754
3400' & 3400' +	$12,274	$8,665	$20,939

*FEE BASED ON TYPICAL SFR DEMAND (0.79 AFY)

2015 CAPITAL IMPROVEMENT FEE SUMMARY PER SERVICE ZONE (COMMERCIAL AND INDUSTRIAL)

SERVICE / BENEFIT ZONE	INFRASTRUCTURE ($/EDU)	WATER SUPPLY* ($/AFY)	TOTAL
2800' & 2850'	$1,441	$10,970	BASED ON EDU'S & AFY
2950' & 3000'	$1,161	$10,970	
3200' & 3250'	$9,089	$10,970	
3400' & 3400' +	$12,274	$10,970	

* BASED ON FORECASTED AFY DEMAND