RESOLUTION OF THE BOARD OF DIRECTORS OF PALMDALE WATER DISTRICT MODIFYING THE POLICY REGARDING CAPITAL IMPROVEMENT FEES FOR SINGLE FAMILY RESIDENTIAL UNITS

RESOLUTION NO. 13-6

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 has impacted growth and development within the District in the past five years, the District has not made changes to the CIP over those years; and

WHEREAS, the District has considered the increased costs of constructing the capital facilities identified in the CIP which have occurred since the last modification of the CIF in 2006, and the impact on capital improvement fees payable under the policy and has documented those changes in the attached table titled "Comparison to 2006-2007 CIF Schedule" 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 March 27, 2013.

President — March 27, 2013 (date)

Secretary — March 27, 2013 (date)

PALMDALE WATER DISTRICT
2013
CAPITAL IMPROVEMENT FEE DETERMINATION

2013 Capital Improvement Fee Summary per Service Zone				
Comparison to 2006-2007 CIF Schedule				
Service/Benefit Zone	Service Zone			
	2800' & 2850'	2950' & 3000'	3200' & 3250'	3400' & 3400'+
All Zones	$ 5,064	$ 5,064	$ 5,064	$ 5,064
2800'/2850'	$ 2,287	$ 555	$ 555	$ 555
2950'/3000'		$ 1,573	$ 698	$ 698
3200'/3250'			$ 8,187	$ 5,634
3400'/3400'+				$ 5,738
CIF for Zone:	$ 7,351	$ 7,192	$ 14,504	$ 17,689
'06-'07 CIF:	$ 5,522	$ 5,366	$ 11,955	$ 14,680
Difference:	$ 1,829	$ 1,826	$ 2,549	$ 3,009
% Change:	33.1%	34.0%	21.3%	20.5%

2013 Capital Improvement Fee Summary per Service Zone				
Proposed Table 1, Appendix H				
Service/Benefit Zone	Service Zone			
	2800' & 2850'	2950' & 3000'	3200' & 3250'	3400' & 3400'+
All Zones	$ 5,064	$ 5,064	$ 5,064	$ 5,064
2800'/2850'	$ 2,287	$ 555	$ 555	$ 555
2950'/3000'		$ 1,573	$ 698	$ 698
3200'/3250'			$ 8,187	$ 5,634
3400'/3400'+				$ 5,738
CIF for Zone:	$ 7,351	$ 7,192	$ 14,504	$ 17,689

2001 MASTER PLAN RECOMMENDED IMPROVEMENTS Description	2012 Costs (ENR index = 10299.55)	2006 Costs (ENR index = 8546.72)	2005 Costs (ENR index = 8299.28)	2004 Costs (ENR index = 7844.00)
A. Entire System				
1. Adjustments preceding 2001	$ 20,591,000	$ 20,591,000	$ 20,591,000	$ 20,591,000
2. 10 mgd Water Treatment Plant Conventional Plant with Ozone Disinfection (WTP) – 47th & Aqueduct	$ 22,519,831	$ 18,687,291	$ 18,146,267	$ 17,150,803
3. 4,000 ft of 20-inch pipe – 47th St. E. from Ditch to Aqueduct – raw water	$ 1,005,740	$ 834,578	$ 810,416	$ 765,958
4. Aqueduct Turn-Out	$ 1,093,194	$ 907,149	$ 880,886	$ 832,563
5. 5 MG Clearwell – New WTP	$ 2,623,669	$ 2,177,160	$ 2,114,128	$ 1,998,152
6. 120 hp booster pump – WTP to 3000 zone	$ 816,253	$ 677,339	$ 657,729	$ 621,647
7. 4,000 ft of 16-inch pipe – 47th St. E. from WTP to Pearblossom Highway	$ 815,442	$ 676,666	$ 657,076	$ 621,030
8. Engineering	$ 291,519	$ 241,907	$ 234,903	$ 222,017
9. Environmental	$ 291,519	$ 241,907	$ 234,903	$ 222,017
Sub-Total for Entire System	**$ 50,048,167**	**$ 45,034,997**	**$ 44,327,308**	**$ 43,025,187**
B. 2800 Zone				
1. Adjustments preceding 2001	$ (1,479,000)	$ (1,479,000)	$ (1,479,000)	$ (1,479,000)
2. One new well in Lancaster subbasin	$ 1,093,194	$ 907,149	$ 880,886	$ 832,563
3. 4MG Tank – 45th Street Tank site	*$ 1,862,336*	*$ 1,862,336*	$ 1,691,302	$ 1,598,521
Sub-Total for 2800 zone	$ 1,476,530	$ 1,290,485	$ 1,093,188	$ 952,084
C. 2850 Zone				
1. 4 MG Storage Tank – 50th St. E. & Ave. T-8	*$ 2,849,506*	*$ 2,849,506*	*$ 2,849,506*	$ 1,598,521
2. 4 MG Storage Tank – 50th St. E. & Ave. T-8	*$ 1,862,336*	*$ 1,862,336*	$ 1,691,302	$ 1,598,521
3. 7,600 feet of 24-inch pipe – 47th St. E and 50th St. E between Ft. Tejon Rd. and Tank Site	*$ 1,183,744*	*$ 1,183,744*	*$ 1,183,744*	$ 1,687,200
4. 120 hp booster pump from 2800 to 2850 zones – 45th St. Tank site	*$ 2,252,250*	*$ 2,252,250*	*$ 2,252,250*	$ 1,764,000
5. 2,300 feet of 24-inch pipe – 45th St. E. from 45th St. Tanks to 50th St. E.	*$ 394,581*	*$ 394,581*	*$ 394,581*	$ 510,600
6. 6,000 feet of 16-inch pipe – Ave. R-12, 55th St. E., and Ave. R-11	$ 1,472,170	$ 1,221,629	$ 1,186,261	$ 1,121,185
7. Four Pearland subbasin new wells	$ 3,498,226	*$ 2,902,880*	$ 2,818,837	$ 2,664,202
Sub-Total for 2850 zone	$ 13,512,813	$ 12,666,926	$ 12,376,481	$ 10,944,229
2800 and 2850 Total	**$ 14,989,343**	**$ 13,957,411**	**$ 13,469,669**	**$ 11,896,313**
D. 2950 Zone				
1. Adjustments preceding 2001	$ 1,225,000	$ 1,225,000	$ 1,225,000	$ 1,225,000
2. 2 MG Storage Tank – Lower El Camino Tank site	$ 1,325,597	$ 1,100,000	$ 916,121	$ 865,865
3. 12-inch PRV at Well No. 20 (3000'-2950')	$ 152,025	*$ 126,153*	*$ 119,233*	$ 112,692
4. Four Pearland subbasin equip existing cased wells	$ 2,186,392	$ 1,814,301	$ 1,761,774	$ 1,665,127
5. One Pearland subbasin new well	$ 874,558	$ 725,721	$ 704,710	$ 666,051
Sub-Total for 2950 zone	$ 5,763,572	$ 4,991,175	$ 4,726,838	$ 4,534,735
E. 3000 Zone				
No improvements requiring capital expenditures.				
2950 and 3000 Total	**$ 5,763,572**	**$ 4,991,175**	**$ 4,726,838**	**$ 4,534,735**
F. 3200 Zone				
1. 2 MG Storage Tank –SW ¼, Sec. 11, T5N, R12W, W/o Sierra Hwy	$ 1,325,597	$ 1,100,000	$ 916,121	$ 865,865
2. 2,900 ft. of 16-inch pipe – between Sierra Hwy & 2 MG Tank to the west	$ 581,215	$ 482,301	$ 468,338	$ 442,646
3. 6,200 ft. of 16-inch pipe – between Well No. 5 and end of item No. 2	$ 1,242,600	$ 1,031,128	$ 1,001,275	$ 946,347
Sub-Total for 3200 zone	$ 3,149,412.00	$ 2,613,429.00	$ 2,385,734	$ 2,254,858
G. 3250 Zone				
1. Adjustments preceding 2001	$ 3,219,000	$ 3,219,000	$ 3,219,000	$ 3,219,000
2. 3 MG Tank – College Park	$ 1,988,395	$ 1,650,000	$ 1,268,477	$ 1,198,891
3. 175 hp booster pump to 3 MG Tank – 47th St. E. Tank site	$ 1,049,469	$ 870,865	$ 845,652	$ 799,261
4. 8,000 ft of 16-inch pipe – Booster station to tank	$ 1,603,352	$ 1,330,485	$ 1,291,966	$ 1,221,092
Sub-Total for 3250 zone	$ 7,860,216	$ 7,070,350	$ 6,625,095	$ 6,438,244
3200 and 3250 Total	**$ 11,009,628**	**$ 9,683,779**	**$ 9,010,829**	**$ 8,693,102**
H. 3400 Zone				
1. Adjustments preceding 2001	$ 687,000	$ 687,000	$ 687,000	$ 687,000
2. 1 MG storage tank – Upper El Camino Tank site	$ 662,798	$ 550,000	$ 528,533	$ 499,539
3. 2 MG Tank – Mt. Emma Rd.	$ 1,325,597	$ 1,100,000	$ 916,121	$ 865,865
4. 55 hp booster pump to 2 MG Tank – College Park Tank site	$ 481,006	$ 399,146	$ 387,590	$ 366,328
5. 8,700 ft of 16-inch pipe – Booster Station to 2 MG Tank	$ 1,821,992	$ 1,511,916	$ 1,468,144	$ 1,387,605
Sub-Total for 3400 zone	$ 4,978,393	$ 4,248,062	$ 3,987,388	$ 3,806,337
Total Future (10-year CIP)	**$ 86,789,103**	**$ 77,915,424**	**$ 75,522,032**	**$ 71,955,674**

Notes:

1. Costs include 20% for contingencies and 25% for engineering, administration and legal costs.
2. LA ENR Construction Cost Index of 10299.55 (June, 2012)
3. *2001 Costs were based on 2000 ENR Index
4. Item B3 is constructed and actual cost included
5. Items C1 through C5 are constructed and actual costs included
6. One of Four of the wells is constructed and actual cost included
7. Item D3 is constructed and actual cost is included
8. Costs include adjusted estimates for storage tanks based on recent actual cost unit values