PALMDALE WATER DISTRICT
RESOLUTION NO. 15-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF PALMDALE WATER DISTRICT AMENDING APPENDIX C TO THE RULES AND REGULATIONS OF THE PALMDALE WATER DISTRICT AND ADOPTING A 4.0% RATE ADJUSTMENT FOR CALENDAR YEAR 2015

WHEREAS, the District's current water rates for Calendar Years 2015 – 2019 are set forth as Appendix C of the Rules and Regulations of the Palmdale Water District;

WHEREAS, in 2014 District staff undertook a review of the District's financial position and determined the current water rate revenues are not sufficient to offset the cost of providing the water service, including, among other things, increased operation and maintenance expenses, increased costs for necessary infrastructure repairs and enhancements, increased water quality regulations, and increased water supply costs;

WHEREAS, on April 17, 2014, the District retained Bartle & Wells, an independent water rate consultant, pursuant to an open bid process to perform a financial study of the District's existing water rates and rate structure and the District's existing and future reasonably estimated costs of providing water service;

WHEREAS, on July 16, 2014 and July 23, 2014, Bartle & Wells made presentations to the Board of Directors that concluded the current rates and rate structure will not be sufficient to cover the reasonably estimated costs of providing the District's water service over the next five fiscal years and proposed a revised rate structure and annual rate increases options depending on the level of maintenance and improvements expected to take place in the next five years, including 5%, 5.5% and 6% annual rate increases;

WHEREAS, the District's charges and fees for water service are subject to the requirements of Proposition 218 (Cal. Const. Art. XIIID, Section 6), including notice, hearing, and protest requirements applicable to increases of water rates;

WHEREAS, on July 23, 2014, pursuant to Proposition 218, the Board approved and directed staff to provide notice of the proposed rate structure changes and 5.5% annual rate increases;

WHEREAS, on September 17, 2014, the District held a public hearing at which District staff presented a total of 340 valid protests to the Board, resulting in less than a majority protest pursuant to Article XIII D, Section 6 of the California Constitution;

WHEREAS, although the lack of a majority protest authorizes the Board to adopt the Proposed Rates up to 5.5% for the next five fiscal years, the Board is not required to implement all of the annual rate increases;

WHEREAS, each year through its budget process, the Board reviews the estimated costs of providing the District's service in the ensuing year and determines at that time the amount of the increase it will implement for the ensuing year;

WHEREAS, if the Board determines not to implement the full 5.5% rate increase, it must adopt an amended Appendix C of the Rules and Regulations of the Palmdale Water District;

WHEREAS, on November 25, 2015, the Board approved a 4.0% rate increase for calendar year 2016;

WHEREAS, the adoption of this resolution is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273 because the resolution pertains to the adoption of charges necessary to maintain services within the District's existing service area.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Board of Directors of the Palmdale Water District does hereby resolve as follows:

1. The foregoing recitals are hereby found to be true and correct and incorporated herein by this reference.

2. The Board has determined to implement a 4.0% annual rate increase for Calendar Year 2016 instead of the full 5.5% annual rate increase authorized by the Proposition 218 rate setting process.

3. The current Appendix C shall be replaced by the attached Appendix C, attached hereto, which includes a 4.0% rate increase in Calendar Year 2016 and a 5.5% rate increase in Calendar Years 2017 – 2019.

4. The General Manager is authorized and directed to give due notice of exemption of this resolution from the provisions of CEQA, pursuant to Title 14 California Code of Regulations section 15062.

7. Effective Date. All sections of this Resolution shall be in full force and effect as of January 1, 2016.

PASSED AND ADOPTED on this 9th day of December, 2015 by the Board of Directors, the governing body of the Palmdale Water District.

PALMDALE WATER DISTRICT

KATHY MAC LAREN, President

ATTEST

JOE ESTES, Secretary

APPROVED AS TO FORM:

By: _____
Aleshire & Wynder, General Counsel

Palmdale Water District Proposed Rate Structure

Water Quality Fee ($/ccf): 5-yr moving average of (GAC costs) / (billed water usage [hcf])

User Classification	Water Budget Allocation - Essential Usage
Single Family Residential "SFR"	Indoor Allocation
Multi Family Residential "MFR"	3-yr average of minimum monthly usage
Commercial-Industrial "CI"	3-yr average of minimum monthly usage
Irrigation Only "IRR"	Essential Outdoor Allocation
Other "OTHER"	3-yr average of minimum monthly usage

User Classification	Water Budget Allocation - Efficient Usage
Single Family Residential "SFR"	Indoor Allocation + Efficient Outdoor Allocation
Multi Family Residential "MFR"	3-yr moving average by month
Commercial-Industrial "CI"	3-yr moving 3 month average
Irrigation Only "IRR"	Efficient Outdoor allocation
Other "OTHER"	3-yr moving average by month

Service Charge

Meter Size	Monthly Service Charge
1" and Below	$31.27
1-1/2"	$93.80
2"	$143.85
3"	$260.62
4"	$427.44
6"	$844.50
8"	$1,344.96
10"	$1,928.84

Commodity Rates ($/ccf*)

Tiers	CY 2014
Tier 1	$0.73
Tier 2	$0.84
Tier 3	$2.37
Tier 4	$3.57
Tier 5	$4.61
Tier 6	$5.93

Elevation Booster Surcharge ($/ccf*)

Area	CY 2014
B	-
A1	5-Year Moving Average of Actual Pumping Costs
A2	5-Year Moving Average of Actual Pumping Costs
A3	5-Year Moving Average of Actual Pumping Costs

**Water use is metered in units of ccf (hundred cubic feet)*

All Classes

Tier	Water Budget Allocation
Tier 1	0 - 100% Essential Usage
Tier 2	100% Essential Usage - 100% Efficient Usage
Tier 3	101-130% Efficient Usage
Tier 4	131-160% Efficient Usage
Tier 5	161-190% Efficient Usage
Tier 6	Above 191% Efficient Usage

APPENDIX C

Meter Charges	% Increase	2.50%	4.00%	5.50%	5.50%	5.50%
Meter Size	**CY 2014**	**CY 2015**	**CY 2016**	**CY 2017**	**CY 2018**	**CY 2019**
1" and Below	$31.27	$32.05	$33.33	$35.17	$37.10	$39.14
1.5"	$93.80	$96.15	$100.00	$105.50	$111.30	$117.42
2"	$143.85	$147.45	$153.35	$161.78	$170.68	$180.07
3"	$260.62	$267.14	$277.83	$293.11	$309.23	$326.23
4"	$427.44	$438.13	$455.66	$480.72	$507.16	$535.05
6"	$844.50	$865.61	$900.23	$949.75	$1,001.98	$1,057.09
8"	$1,344.96	$1,378.58	$1,433.72	$1,512.58	$1,595.77	$1,683.54
10"	$1,928.84	$1,977.06	$2,056.14	$2,169.23	$2,288.54	$2,414.41

Commodity Rates	% Increase	2.50%	4.00%	5.50%	5.50%	5.50%
	CY 2014	**CY 2015**	**CY 2016**	**CY 2017**	**CY 2018**	**CY 2019**
Tier 1	$0.73	$0.75	$0.78	$0.82	$0.87	$0.92
Tier 2	$0.84	$0.86	$0.89	$0.94	$1.00	$1.05
Tier 3	$2.37	$2.43	$2.53	$2.67	$2.81	$2.97
Tier 4	$3.57	$3.66	$3.81	$4.02	$4.24	$4.47
Tier 5	$4.61	$4.73	$4.92	$5.19	$5.48	$5.78
Tier 6	$5.93	$6.08	$6.32	$6.67	$7.04	$7.42

Drought Surcharge Per CCF

Stage No.	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
1	**N/A**	$0.45	$0.47	$0.49	$0.51	$0.53
2	**N/A**	$0.77	$0.80	$0.83	$0.87	$0.90
3	**N/A**	$1.19	$1.24	$1.29	$1.34	$1.39