

**PALMDALE WATER DISTRICT
RESOLUTION NO. 14-21**

**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 2.5%
RATE INCREASE FOR CALENDAR YEAR 2015**

WHEREAS, the District's current water rates for Calendar Years 2015 – 2019 are set forth at 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. XIII D, 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 21, 2014, the Board approved the 2015 Budget including a 2.5% rate increase;


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 through its annual budget process to implement a 2.5% annual rate increase for Calendar Year 2015 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 2.5% rate increase in Calendar Year 2015 and a 5.5% rate increase in Calendar Years 2016 – 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, 2015.

PASSED AND ADOPTED on this 10th day of December, 2014 by the Board of Directors, the governing body of the Palmdale Water District.

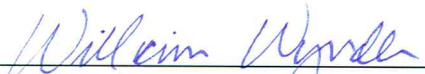
PALMDALE WATER DISTRICT


KATHY MAC LAREN, President

ATTEST


ROBERT ALVARADO, Vice President

APPROVED AS TO FORM:

By: 
Aleshire & Wynder, General Counsel

APPENDIX C

Palmdale Water District Proposed Rate Structure

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

User Classification

Single Family Residential "SFR"
Multi Family Residential "MFR"
Commercial-Industrial "CI"
Irrigation Only "IRR"
Other "OTHER"

Water Budget Allocation - Essential Usage

Indoor Allocation
3-yr average of minimum monthly usage
3-yr average of minimum monthly usage
Essential Outdoor Allocation
3-yr average of minimum monthly usage

User Classification

Single Family Residential "SFR"
Multi Family Residential "MFR"
Commercial-Industrial "CI"
Irrigation Only "IRR"
Other "OTHER"

Water Budget Allocation - Efficient Usage

Indoor Allocation + Efficient Outdoor Allocation
3-yr moving average by month
3-yr moving 3 month average
Efficient Outdoor allocation
3-yr moving average by month

Service Charge

Meter Size

1" and Below
1-1/2"
2"
3"
4"
6"
8"
10"

Monthly Service Charge

\$31.27
\$93.80
\$143.85
\$260.62
\$427.44
\$844.50
\$1,344.96
\$1,928.84

Commodity Rates (\$/ccf*)

Tiers

Tier 1
Tier 2
Tier 3
Tier 4
Tier 5
Tier 6

CY 2014

\$0.73
\$0.84
\$2.37
\$3.57
\$4.61
\$5.93

Elevation Booster Surcharge (\$/ccf*)

Area

B
A1
A2
A3

CY 2014

-
5-Year Moving Average of Actual Pumping Costs
5-Year Moving Average of Actual Pumping Costs
5-Year Moving Average of Actual Pumping Costs

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

All Classes

Tier

Tier 1
Tier 2
Tier 3
Tier 4
Tier 5
Tier 6

Water Budget Allocation

0 - 100% Essential Usage
100% Essential Usage - 100% Efficient Usage
101-130% Efficient Usage
131-160% Efficient Usage
161-190% Efficient Usage
Above 191% Efficient Usage

APPENDIX C

Meter Charges	% Increase	2.5%	5.5%	5.5%	5.5%	5.5%
Meter Size	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
1" and Below	\$31.27	\$32.05	\$33.81	\$35.67	\$37.63	\$39.70
1.5"	\$93.80	\$96.15	\$101.44	\$107.02	\$112.91	\$119.12
2"	\$143.85	\$147.45	\$155.56	\$164.12	\$173.15	\$182.67
3"	\$260.62	\$267.14	\$281.83	\$297.33	\$313.68	\$330.93
4"	\$427.44	\$438.13	\$462.23	\$487.65	\$514.47	\$542.77
6"	\$844.50	\$865.61	\$913.22	\$963.45	\$1,016.44	\$1,072.34
8"	\$1,344.96	\$1,378.58	\$1,454.40	\$1,534.39	\$1,618.78	\$1,707.81
10"	\$1,928.84	\$1,977.06	\$2,085.80	\$2,200.52	\$2,321.55	\$2,449.24

Commodity Rates	% Increase	2.5%	5.5%	5.5%	5.5%	5.5%
	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Tier 1	\$0.73	\$0.75	\$0.79	\$0.83	\$0.88	\$0.93
Tier 2	\$0.84	\$0.86	\$0.91	\$0.96	\$1.01	\$1.07
Tier 3	\$2.37	\$2.43	\$2.56	\$2.70	\$2.85	\$3.01
Tier 4	\$3.57	\$3.66	\$3.86	\$4.07	\$4.29	\$4.53
Tier 5	\$4.61	\$4.73	\$4.99	\$5.26	\$5.55	\$5.86
Tier 6	\$5.93	\$6.08	\$6.41	\$6.76	\$7.13	\$7.52

Stage No.	Policy	% Shortage	Drought Surcharge per CCF*					
			CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
1	Water Rationing	20% reduction in water deliveries	\$0.45	\$0.46	\$0.48	\$0.51	\$0.54	\$0.57
2	Water Rationing	30% reduction in water deliveries	\$0.77	\$0.78	\$0.82	\$0.87	\$0.92	\$0.97
3	Water Rationing	40% reduction in water deliveries	\$1.19	\$1.21	\$1.28	\$1.35	\$1.43	\$1.52