

RESOLUTION NO. 2015-02

**AMENDING RATE AND FEE SCHEDULE
TO ADJUST RATES FOR ALL CUSTOMERS**

PURISSIMA HILLS WATER DISTRICT

WHEREAS, the District's Rate and Fee Schedule establishes the fees and charges for water and a variety of services provided by the District; and

WHEREAS, the District desires to increase certain rates to be collected by the District for the purpose of meeting expenses, debts, and expenditures as they become due; and

WHEREAS, California Water Code Section 31007 authorizes the District to establish rates and charges to yield an amount sufficient to pay operating expenses, to provide for repairs and depreciation of works owned and operated by the District, to pay interest on bonded debt, and to provide a fund to pay principal on bonded debt; and

WHEREAS, the District has evaluated the District's water rates in light of the increase in the wholesale cost of water sold to suburban purchasers by the San Francisco Public Utilities Commission (SFPUC), as well as projected lower water usage by District customers in response to the State Water Resource Control Board's emergency drought regulations; and

WHEREAS, it has been over three years since the District last increased its water rates; and

WHEREAS, during the past five years the SFPUC, which provides the District with 100% of the District's water, has increased the cost of water sold to its wholesale customers, including the District, by approximately 47% since 2010, and the SFPUC has declared another 28% increase to go into effect on July 1, 2015; and

WHEREAS, the District has determined that its water rates must be increased in order to fund District operations and maintenance activities, provide for adequate reserves, and carry out capital improvements necessary to preserve and improve the reliability of the water system; and

WHEREAS, on April 8, 2015, the Board of Directors held a Board meeting which was noticed, agendized and open to the public, to evaluate the proposed modifications to the

District's Rate and Fee Schedule and to hear comments from the public, and at which the Board set a public hearing to consider the proposed modified Rate and Fee Schedule for June 10, 2015; and

WHEREAS, the proposed rate increase was also agendized and discussed at the District's Board meetings on March 11, 2015, and May 13, 2015, both of which were open to members of the public; and

WHEREAS, the District's financial rate consultant, Bartle Wells Associates, prepared a rate study that analyzes the District's revenue requirements, includes a detailed cost of service analysis, provides a recommendation for increasing the District's water rates, and confirms compliance with Proposition 218 requirements; and

WHEREAS, the rate study recommends the implementation of a pass-through of increases in wholesale water costs to District customers over the next five years as authorized pursuant to Government Code section 53756; and

WHEREAS, pursuant to the requirements of Proposition 218, the District mailed a written notice with the date, time, and location for the public hearing regarding the proposed rate increase, and the procedures for submitting a protest, to all customers of the District at least 45 days prior to the public hearing; and

WHEREAS, the District held the public hearing at the June 10, 2015, Board meeting and accepted comments and protests before and at the public hearing, and up through the conclusion of the public hearing; and

WHEREAS, the Board considered all comments and protests received; and

WHEREAS, the Board finds that the amendments to the Rate and Fee Schedule do not exceed the amount of the estimated costs required to provide the services for which the rates are levied, and do not exceed the proportional cost of service to each parcel; and

WHEREAS, the Board further finds that the amendments to the Rate and Fee Schedule are reasonable and required for the proper operation of the District, and are exempt from the requirements of the California Environmental Quality Act, pursuant to Section 21080(b)(8) of the Public Resources Code because it is for the purposes of (1) meeting operating expenses; (2)

purchasing or leasing supplies; (3) meeting financial reserve requirements; and (4) obtaining funds for capital projects necessary to maintain services within existing service areas; and

WHEREAS, the rate study prepared by the financial rate consultant, including the cost of service analysis, is hereby incorporated into this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Purissima Hills Water District as follows:

A. Residential Water Unit Rate. For all residential customers, the amount of the Water Unit Rate will be as follows (one unit is equal to 100 cubic feet of water, or approximately 748 gallons):

<u>Units of Water Consumed Per Month</u>	<u>Current Rates</u>	<u>Rates as of July 1, 2015</u>	<u>Rates as of July 1, 2016</u>	<u>Rates as of July 1, 2017</u>
1-10	\$ 3.21 per unit	\$4.64	\$4.67	\$4.70
11-30	\$ 4.66 per unit	\$5.38	\$5.80	\$6.21
31-60	\$ 6.11 per unit	\$7.06	\$7.61	\$8.15
61-100	\$ 7.56 per unit	\$8.74	\$9.41	\$10.08
101-200	\$ 9.01 per unit	\$10.42	\$11.22	\$12.02
Over 200	\$9.95 per unit	\$10.42	\$11.22	\$12.02

B. Institutional Water Unit Rate. For all institutional customers, the amount of the Water Unit Rate will increase from \$5.36 per unit to \$6.45 per unit on July 1, 2015, to \$6.82 on July 1, 2016, and to \$7.25 on July 1, 2017.

C. Pass-Through Rate Increases. Pursuant to Government Code section 53756, the District will consider implementing annual rate increases for the next five years by passing through any increases in the wholesale cost of water, based on the following methodology:

1. Wholesale Water Rate Increase. For every tier of water consumption (both residential and commercial), the District will pass through to District customers the exact amount of any increase in the wholesale rate imposed on the District by the SFPUC in cents per unit (100 cubic feet).

2. Notice. The District will conduct a vote of the Board to authorize any pass through of SFPUC wholesale rate increases, after which the District will provide customers with written notice of any pass-through rate increase at least 30 days before the effective date of the adjustment.

D. Water Shortage Emergency Rates. In anticipation of additional water shortages in California, and within the SFPUC system, the District may implement water shortage emergency rates upon the declaration of a water shortage emergency by the District pursuant to Water Code Section 350 and/or Water Code Section 31026. The specific water shortage emergency rates are based on District-determined water shortage cutback targets of 20%, 25%, 30%, 35% and 40%, and would go in to effect not less than 30 days after written notice to all customers, and would remain in effect until the termination of the water shortage emergency. The maximum amounts of the water shortage emergency rates for each tier of water use (based on a 40% cutback target) are set forth below. The full details for the water shortage emergency rates are set forth in Attachment A to this Resolution.

		Proposed Maximum Rates Effective on or After		
		July 1	July 1	July 1
		2015	2016	2017
WATER SHORTAGE EMERGENCY RATES (CONSUMPTION CHARGES)				
Billed per hundred cubic feet of metered water use (\$/ccf); 1 ccf = approximately 748 gallons				
Residential Customers				
<u>Tier</u>	<u>Monthly Use in Tier</u>			
Tier 1	1-10 ccf	\$4.64	\$4.67	\$4.70
Tier 2	11-30 ccf	6.12	6.67	7.21
Tier 3	31-60 ccf	8.03	8.75	9.46
Tier 4	61-100 ccf	9.94	10.81	11.70
Tier 5	Over 100 ccf	11.85	12.89	13.95
Institutional Customers				
Applies to all water use (\$/ccf)		\$7.33	\$7.84	\$8.42

ATTACHMENT A

	20%	25%	30%	35%	40%
Water Supply Reduction %	20%	25%	30%	35%	40%
Water Sales with Reduction (ccf)	752,000	705,000	658,000	611,000	564,000
Water Shortage Emergency Rates 2015/16					
Required Rate Increase	2.2%	4.9%	7.9%	10.8%	13.7%
<u>Single Family Residential</u>					
Tier 1 1-10 ccf	\$4.64	\$4.64	\$4.64	\$4.64	\$4.64
Tier 2 11-30 ccf	5.50	5.64	5.80	5.96	6.12
Tier 3 31-60 ccf	7.22	7.41	7.61	7.82	8.03
Tier 4 61-100 ccf	8.94	9.17	9.43	9.68	9.94
Tier 5 >100 ccf	10.65	10.93	11.24	11.54	11.85
Institutional (all use)	6.59	6.77	6.96	7.15	7.33
Water Shortage Emergency Rates 2016/17					
Required Rate Increase	2.5%	5.4%	8.6%	11.7%	14.9%
<u>Single Family Residential</u>					
Tier 1 1-10 ccf	\$4.67	\$4.67	\$4.67	\$4.67	\$4.67
Tier 2 11-30 ccf	5.94	6.11	6.30	6.48	6.67
Tier 3 31-60 ccf	7.80	8.02	8.26	8.50	8.75
Tier 4 61-100 ccf	9.64	9.92	10.22	10.52	10.81
Tier 5 >100 ccf	11.50	11.83	12.18	12.54	12.89
Institutional (all use)	6.99	7.19	7.41	7.62	7.84
Water Shortage Emergency Rates 2017/18					
Required Rate Increase	2.7%	5.9%	9.3%	12.7%	16.1%
<u>Single Family Residential</u>					
Tier 1 1-10 ccf	\$4.70	\$4.70	\$4.70	\$4.70	\$4.70
Tier 2 11-30 ccf	6.38	6.57	6.79	7.00	7.21
Tier 3 31-60 ccf	8.37	8.63	8.91	9.18	9.46
Tier 4 61-100 ccf	10.35	10.67	11.01	11.36	11.70
Tier 5 >100 ccf	12.34	12.73	13.13	13.54	13.95
Institutional (all use)	\$7.44	\$7.68	\$7.92	\$8.17	\$8.42

E. Effective Date. The foregoing amendments to the Rate and Fee Schedule are effective upon enactment of this resolution and shall be reflected in bills issued to District customers after June 10, 2015.


F. Notice of Exemption. The General Manager is authorized to file a Notice of Exemption with the Santa Clara County Clerk's Office.

PASSED AND ADOPTED this 10th day of June, 2015, by the following vote:

AYES: Directors Solomon, Jordan, Holtz, Anderson, Evans

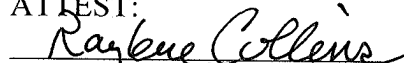
NOES: None

ABSENT: None



President of the Board of Directors
Purissima Hills Water District

ATTEST:



Secretary of the Board