

## **RESOLUTION NO. 2017-01**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COASTSIDE COUNTY WATER DISTRICT AMENDING THE RATE AND FEE SCHEDULE TO INCREASE WATER RATES AND FINDING THAT THE AMENDMENTS ARE EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

**THIS RESOLUTION IS ADOPTED** with reference to the following facts and circumstances which are found and declared by the Board of Directors:

1. The General Manager and Finance Committee, during consideration and preparation of the budget for Fiscal Year 2017-2018, determined that financing the District's operating expenses, debt service, and capital improvement program, as well as maintaining the District's existing reserve levels, will require an increase in water rates. 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.

2. The District's financial consultant, HF&H Consultants, LLC., prepared a "Water Rate Structure Update" dated May 8, 2015 that analyzed the District's Fiscal Year 2015/2016 revenue requirements based upon a cost of service analysis, provided a recommendation for increasing the water rates and re-alignment of the tiers, and established a rationale for the increased charges. The revised rate structure went into effect July 1, 2015. Subsequently, HF&F Consultants issued a Technical Memorandum dated May 17, 2016 entitled "Water Rate Update - FY 2016/2017", and a report entitled "Water Rate Update FY 2017/2018" dated April 11, 2017, both which update their findings since the Fiscal Year 2015/2016 "Water Rate Structure Update" dated May 8, 2015. In its Water Rate Updates subsequent to the May 8, 2015 report, HF&F Consultants determined that the methodology for the cost of service analysis and corresponding allocations remain applicable, and the proposed rate increase to meet the District's revenue requirements can be applied uniformly to the consumption quantity charges. In addition, HF&H noted that the District can hold its base charges where they currently are because the resulting charge is proportionate to the cost of providing service. District staff prepared a staff report and presentation for the April 11, 2017 and the May 9, 2017 Board of Directors meetings that summarize HF&H Consultant's analysis, reviewed the District's financing model, and evaluated the District's reserves and proposed reserve target levels. The Water Rate Structure Update dated May 8, 2015, the Technical Memorandum dated May 17, 2016, and the Water Rate Update Report dated April 11, 2017, staff reports, and staff presentations are incorporated into this Resolution by this reference.

3. The Board has considered the May 8, 2015 Water Rate Structure Update, May 17, 2016 Technical Memorandum, and April 11, 2017 Water Rate Update Report in light of the proposed Fiscal Year 2017-2018 budget and Fiscal Years 2017/18 to 2026/27 Capital Improvement Program and determined that the projects identified are important for the safe and efficient operation of the District's water system and to preserve and improve the reliability of the water system. The proposed Budget and Capital Improvement Program have been discussed at several Board meetings and have been available to the public since February 14, 2017 and by this reference are incorporated into this resolution.

4. The anticipated increases in expenses are attributable to a number of factors including but not limited to, payment of capital project costs, debt service for financing of necessary capital improvements and replacement of aging facilities, higher costs for personnel, materials and services.

5. On April 11, 2017, the Board of Directors at its regular Board meeting evaluated the proposed modifications to the District's Rate and Fee Schedule and set a public hearing for June 13, 2017 to consider the modifications to the District's Rate and Fee Schedule.

6. The District prepared a notice that described the amounts, the basis for calculating, and the reasons for the increased rates and charges, and identified the date, time, and location for the public hearing on the increased rates and charges, and the procedures for submitting a protest. The District mailed the written notice to the property owners and customers in the District at least 45 days before the date of the public hearing.

7. The Board considered its options at a public hearing at which the specific rate proposal enacted herein was addressed. Notice of the public hearing was provided to each parcel subject to the proposed rate increase. Notice of the public hearing was also advertised in the April 26, 2017 and May 3, 2017 editions of the Half Moon Bay Review newspaper. Additionally, the notice was placed on the District's website. At the public hearing, the Board of Directors considered all protests against the proposed rate modification, and written protests against the proposed rate increase were not presented by a majority of owners of the parcels subject to the proposed rate increase.

8. After discussion and consideration of the comments received before and at the public hearing, the Board finds the rates hereinafter set forth to be reasonable and required for the proper operation of the District.

9. The Board further finds that the amendments to the Rate and Fee Schedule and the amount of the rates hereinafter set forth does not exceed the amount of the estimated costs required to provide the services for which the rates are levied.

10. The Board further finds that the increases in rates effected by this Resolution are reasonable and required for the proper operation of the District, and are exempt from the California Environmental Quality Act, pursuant to Section 21080(b)(8) of the Public Resources

Code, because they are for the purposes of (1) meeting operating expenses, (2) purchasing or leasing supplies, equipment and materials, (3) meeting financial reserve requirements, and (4) obtaining funds for capital projects necessary to maintain service within existing service areas. The analysis in this Resolution and the documents incorporated into this Resolution by reference justify that the modifications to the rates and charges are for the purposes set forth in section 21080(b)(8).

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Coastside County Water District as follows:

1. Section 1.B, Quantity Charge, of the Rate and Fee Schedule is hereby amended to read as follows:

**"B. QUANTITY CHARGE**

In addition to the base charge set forth in Section 1A, the following quantity charges shall be paid per one hundred cubic feet (hcf) of water delivered:

**1. *Residential Customers***

| <b>Quantity Delivered<br/>(During Bi-Monthly<br/>Billing Period)</b> | <b>Bi-Monthly<br/>Water<br/>Consumption<br/>Charge per hcf</b> | <b>Quantity Delivered (During<br/>Monthly Billing Period)</b> | <b>Monthly Water<br/>Consumption Charge<br/>per hcf</b> |
|--|--|---|---|
| 1 - 4 hcf  | \$9.65   | 1 - 2 hcf   | \$9.65  |
| 5 - 16 hcf   | \$10.77  | 3 - 8 hcf   | \$10.77   |
| 17 - 30 hcf  | \$13.89  | 9 - 15 hcf  | \$13.89   |
| 31 or more hcf   | \$18.41  | 16 or more hcf  | \$18.41   |

**2. *All Other Customers*:** \$11.88 per hcf

**3. *Definition of Residential Customers*:** For purposes of Section 1, Residential Customers are single family homes, duplexes, condominiums, townhouses and all apartment buildings with individual meters for separate residential dwelling units. Apartment houses with a single "master meter" measuring consumption within multiple dwelling units are not "Residential Customers" for purposes of this Section 1.

2. Section 3.D, Portable Meters, of the Rate and Fee Schedule, is hereby amended to read as follows:

“D. PORTABLE METERS

Customers requesting water service through portable meters shall pay:

1. a *deposit* in an amount, as estimated by the General Manager, equal to the replacement cost of the meter:
  2. a *monthly rental charge* of \$100.00
  3. a *consumption charge* of \$11.88 per hcf of water delivered.
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3. This Resolution shall be effective for water delivered and services provided on or after July 1, 2017, and any billing for the current billing cycle that includes water delivered before the effective date shall be pro-rated.
  4. The General Manager shall arrange for the Rate and Fee Schedule to be re-codified to incorporate the changes effected by this Resolution.
  5. The General Manager is directed to file a Notice of Exemption with the County Clerk and to take such other actions as may be necessary to give effect to this Resolution.

**PASSED AND ADOPTED THIS** 13th day of June, 2017, by the following vote of the Board:

**AYES:**

**NOES:**

**ABSENT:**

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Glenn Reynolds, President  
Board of Directors

**ATTEST:**

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David R. Dickson, General Manager  
Secretary of the District

