

RESOLUTION No. 2008-002

**RESOLUTION OF THE RURAL NORTH VACAVILLE WATER DISTRICT
BOARD OF DIRECTORS APPROVING AN INCREASE
IN THE DISTRICT'S RATES FOR WATER SERVICE**

WHEREAS, the District's projected operating expenses for FY 2008/2009 are \$289,549, an increase of \$36,386 over third-quarter year end projections for FY 2007/2008; and

WHEREAS, the primary reason from this increase in projected operating expenses is the need to rebuild the District's reserve funds for deferred maintenance and capital improvements, which have been drawn down due to unanticipated expenses for equipment and system repair; and

WHEREAS, the District's third-quarter year end projected revenues for FY 2007/2008 are \$241,569, which is \$47,980 short of projected expenses for that same fiscal year period and \$147,737 short of projected expenses for FY 2008/2009; and

WHEREAS, the District must generate revenues in an amount sufficient to cover the District's ongoing costs of operations and maintenance; and

WHEREAS, on May 13, 2008, the Board considered a possible rate schedule that appeared to (1) be sufficient to cover the District's projected expenses for FY 2008/2009, and (2) present a workable concept for rates, including the use of tiered rates to reflect the increased marginal costs incurred by the District as per-meter water usage approaches the full operating capacity of the District's system; and

WHEREAS, any increase in fees and charges for property-related water service must comply with the procedural and substantive requirements of Article XIID, section 6, of the California Constitution, which was enacted by the California Voters in 1996 as part of Proposition 218; and

WHEREAS, on May 13, 2008, the Board directed the General Manager to propose a schedule of rates and to provide notice of the proposed rate increase and the date, time, and location of a public hearing on the proposal, all in compliance with the substantive and procedural requirements of Proposition 218 and other relevant laws; and

WHEREAS, on May 16, 2008, the General Manager proposed a schedule of rates and provided notice of a public hearing on the proposal on July 1, 2008; and

WHEREAS, the District has noticed and conducted four public workshops on the rate increase proposal; and

WHEREAS, a group of District water users, calling themselves the Citizen Water Rate Group, has proposed an alternative rate structure with reduced monthly rates that would phase in over a three-year period as well as higher amounts allowed under the tiered consumption-based water rates: and

WHEREAS, though the elimination of certain District expenses and the deferral of others, the General Manager has developed a projected three-year budget for the District that substantially accommodates the alternative rate structure proposed by the Citizens Water Rate Group; and

WHEREAS, the Board has conducted a noticed public hearing on July 1, 2008, to consider the proposed rate increase, including the increase proposed by the General Manager and the reduced and phased alternative increase proposed by the Citizens Water Rate Group, as well as all other alternatives proposed by the District's rate payers; and

WHEREAS, the following Compromise Rate Schedule, which is less than the schedule proposed by the General Manager and for which public notice was provided at least 45 days in advance of this meeting, is sufficient to meet the District's projected three-year budget and meets the substantive legal requirements for water rates:

<u>Base Monthly Service Charge</u>	<u>FY 08/09</u>	<u>FY 09/10</u>	<u>FY 10/11</u>
Developed parcels (active & inactive)	\$47.35	\$52.02	\$56.69
Undeveloped parcels	\$44.44	\$46.86	\$49.31
Supplemental Connections	\$12.23	\$12.51	\$12.76
<u>Consumption Charge (per CCF)</u>	<u>FY 08/09</u>	<u>FY 09/10</u>	
Tier 1 – up to 25 CCF/mo	\$1.503	\$1.503	
Tier 2 – 26 to 49 CCF/mo	\$2.053	\$2.556	
Tier 3 – 50 or more CCF/mo	\$4.056	\$5.556	
			<u>FY 10/11</u>
Tier 1 – up to 25 CCF/mo			\$1.503
Tier 2 – 26 to 35 CCF/mo			\$2.806
Tier 3 – 36 or more CCF/mo			\$6.056

WHEREAS, the Board has calculated the protests submitted and not withdrawn to the Compromise Rate Schedule and finds that a majority protest does not exist; and

WHEREAS, due to the District current deficit and lack of sufficient financial reserves, it is necessary for the public health and safety that the rate increase according to the

Compromise Rate Schedule be effective immediately and charged to the District's rate payers on water bills to be distributed in August 2008; and

WHEREAS, when adopting a budget for each upcoming fiscal year, the Board will adjust the District's water rates in an amount to meet the District's projected expenses, but in no case shall the Board increase rates any higher or any sooner than described in the Compromise Rate Schedule described above unless the Board fully complies with all notice and hearing requirements of Proposition 218 and other applicable laws.


RESOLVED, that the District Board of Directors of the Rural North Vacaville Water District approves and adopts the Compromise Rate Schedule, described above, which shall be effective immediately.

Passed and adopted by the Board of Directors of the Rural North Vacaville Water District on July 1, 2008, by the following vote:

AYES: Directors Whitehouse, Teschke, Mortensen, Landis

NOES: Directors _____

EXCUSED: Directors Joye



Robert Whitehouse, President
Board of Directors
Rural North Vacaville Water District

ATTEST:



Birgitta Corsello, General Manager
Rural North Vacaville Water District