



**BOARD OF DIRECTORS
SAN LORENZO VALLEY WATER DISTRICT
AGENDA**

NOTICE OF A SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a special meeting of the Board of Directors of the San Lorenzo Valley Water District will be held on Thursday, October 24, 2013 at 7:00 p.m. at the Highlands Park Senior Center, 8500 Highway 9, Ben Lomond, California.

1. Convene Meeting
2. Roll Call
3. Oral Communications
This portion of the agenda is reserved for Oral Communications by the public for items which are not on the Agenda. Any person may address the Board of Director at this time, on any subject that lies within the jurisdiction of the District. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once during Oral Communications. No actions may be taken by the Board of Directors on any Oral Communications presented; however, the Board of Directors may request that the matter be placed on a future agenda. Please state your name and town/city of residence at the beginning of your statement for the record.
4. Written Communications: None
5. Consent Agenda: None
The Consent Agenda contains items which are considered to be routine in nature and will be adopted by one (1) motion without discussion. Any Board member may request that an item be withdrawn from the Consent Agenda for separate discussion. Members of the public will be given the opportunity to address each scheduled item prior to Board action.
6. Unfinished Business: None
Members of the public will be given the opportunity to address each scheduled item prior to Board action. The Chairperson of the Board may establish a time limit for members of the public to address the Board on agenda items.
7. New Business
Members of the public will be given the opportunity to address each scheduled item prior to Board action. The Chairperson of the Board may establish a time limit for members of the public to address the Board on agenda items.

a. PUBLIC HEARING PROPOSED INCREASE IN WATER RATES.

Action by the Board to conduct a Public Hearing relative to Proposition 218 and an increase in water rates; and, consideration and possible action by the Board to approve an increase in water rates.

8. Adjournment

In compliance with the requirements of Title II of the American Disabilities Act of 1990, the San Lorenzo Valley Water District requires that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at the District's Public Meeting can contact the District Office at (831) 338-2153 a minimum of 72 hours prior to the scheduled meeting.

Agenda documents, including materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet, are available for public inspection and may be reviewed at the office of the District Secretary, 13060 Highway 9, Boulder Creek, CA 95006 during normal business hours. Such documents are also available on the District website at www.slvwd.com subject to staff's ability to post the documents before the meeting.

Certification of Posting

I hereby certify that on October 18, 2013 I posted a copy of the foregoing updated agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California, said time being at least 24 hours in advance of the meeting of the Facilities and Planning Committee of the San Lorenzo Valley Water District (Government Code Section 54956).

Executed at Boulder Creek, California, on October 18, 2013.



James A Mueller
Acting District Secretary
San Lorenzo Valley Water District

M E M O

TO: Board of Directors

FROM: District Manager

SUBJECT: PROPOSITION 218 PUBLIC HEARING; PROPOSED INCREASE IN WATER RATES

DATE: October 21, 2013

RECOMMENDATION:

It is recommended that the Board of Directors review this memo and conduct a public hearing relative to proposed increases in water rates. At the conclusion of the public hearing, absent a valid majority protest, your Board may elect to move forward with action necessary to establish a new water service rate schedule. Any proposed new water service rates schedule shall not exceed the amount and timing as noticed in the September 6, 2013 March 28, 2011 Notice of Public Hearing. A resolution is attached. In the event of a majority protest the District shall not impose the fees and charges.

BACKGROUND:

Staff engaged the services of Municipal Financial Services, Inc. to perform a review and analysis of the District's current water and wastewater rates and a projection for the next five (5) years. On March 15, 2013 the Finance Committee reviewed and discussed the 2013 Water and Wastewater Charges Study prepared by Municipal Financial Service, Inc. On March 21, 2013 your Board reviewed and considered the 2013 Water and Wastewater Charges Study prepared by Municipal Financial Service Inc. and approved the recommended increases in water rates, and five (5) changes to the District's existing rate structure. At the March 21, 2013 Board of Directors Meeting staff was directed to move forward with activities associated with Proposition 218 relative to the recommendations. Proposition 218 requires the District to provide written notice by mail of the proposed fees and charges to of each water service connection property owner not less than 45 days prior to holding a public hearing on the proposed new fees and charges.

At the September 5, 2013 Board of Directors meeting, your Board approved Resolution No. 9 (13-14) Resolution of Intention Proposition 218 Notice which established the time, date, and location for a Public Hearing on the proposed new water rates and rate structure for 7:00 p.m., Thursday, October 24, 2013, Highlands Park Senior Center, 8500 Highway 9, Ben Lomond, CA. See Attachment 1. Further, said resolution directed staff to mail notice of the Public Hearing, and to apply the procedures established by San Lorenzo Valley Water District Resolution No. 18 (06-07) Adoption of Procedures for Proposition 218 Property Related Fees and Charges for the tabulation and acceptance of protests received relative to the subject Proposition 218 Public Hearing.

On February 15, 2007 your Board approved Resolution No. 18 (06-07) which established District procedures relative to Proposition 218 property related fees and charges. See Attachment 2. In compliance with Proposition 218, and the District's procedures, the following actions have been completed:

1. On September 6, 2013 information regarding the proposed increases to water service fees and charges was mailed to each identified water service connection property owner in the San Lorenzo Valley Water District subject to the proposed increase. See Attachment 1. There are 7,347 identified water service connections with in the San Lorenzo Valley Water District.
2. A public hearing relative to the proposed increase to the Districts' water service fees and charges was schedule not less than forty-five (45) days after the mailing of the information.
3. Property owners were notified of the proposed increase in water service rates and that they may object to the proposed increase in water service rates by filing a written protest with the District Secretary. At the time of this memorandum the District Secretary has received 1,204 written protests.

The Board of Directors is required to conduct a public hearing and apply the following procedures relative to said hearing and the proposed increase to the water service rate schedule:

1. The President of the Board shall open the public hearing.
2. At the public hearing, the Board shall hear and consider all public testimony regarding the proposed increase to the water service rate schedule.
3. At the public hearing, the Board shall accept all written protests against the proposed increase to the water service rate schedule.
4. At the conclusion of the public testimony portion of the public hearing, the President of the Board shall close the public hearing.
5. The District Secretary shall tabulate all written protests received, including those received during the public hearing. The District Secretary shall provide the Board with a final tabulation of written protests. If the number of apparent protest letters received represents less than a majority protest of the property owners (50% + 1; or 3,674 protests) the number of protest letters received will be identified as constituting an "apparent minority" of property owners. In the event of an "apparent minority" of property owners, the Board of Directors may elect to move forward with action necessary to establish a new water service rate schedule. Any proposed new water service rates schedule shall not exceed the amount and timing as noticed in the September 6, 2013 March 28, 2011 Notice of Public Hearing.
6. In the event of an "apparent majority" of property owners, all protest letters received will need to be validated to ensure that all senders are, in fact, property owners with valid eligibility and in compliance with procedural requirement. The validation process is anticipated to require approximately 30-45 days.
7. Upon final tabulation of written protests, if valid written protests against the proposed increase to the water service schedule are presented by a majority of property owners, the Board shall not impose an increase to the water service rate schedule.

By correspondence dated October 17, 2013, Municipal Financial Services evaluated the impact on recommended water rates from the 2013 Water and Wastewater Charges Study for proposed changes in projected capital expenditures, and changes in implementation dates. See Attachment 3. The changes from the 2013 Water and Wastewater Charges Study incorporated into the October 17, 2013 correspondence include the following;

1. Remove \$6,000,000 in capital expenditures for the Facilities Consolidation Project;
2. Decrease capital expenditures associated with the Emergency Intertie Project from \$5,000,000 to \$4,600,000; and
3. Assume rate implementation dates of January 1, rather than July 1, for each fiscal year.

Based upon these changes Municipal Financial Services has recommended revisions to the proposed water service fees and charges. Municipal Financial Services is recommending that the Basic Water Service Charges be increase 11%, 11%, 11% 8.4% and 8.29% effective January 1st 2014-2018 respectively. Municipal Financial Services is recommending that the Consumptive Charges be increase 14%, 11%, 11% 10% and 9% effective January 1st 2014-2018 respectively. Staff has prepared an alternative Exhibit "A" to the attached resolution which implements the October 17, 2013 recommendations of Municipal Financial Services.

RECOMMENDATION:

It is recommended that the Board of Directors review this memo and conduct a public hearing relative to proposed increases in water rates. At the conclusion of the public hearing, absent a valid majority protest, your Board may elect to move forward with action necessary to establish a new water service rate schedule. Any proposed new water service rates schedule shall not exceed the amount and timing as noticed in the September 6, 2013 March 28, 2011 Notice of Public Hearing. A resolution is attached. In the event of a majority protest the District shall not impose the fees and charges.



James A. Mueller
District Manager

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. XX (13-14)

SUBJECT: FIXING AND ADOPTING A WATER SERVICE RATE SCHEDULE

WHEREAS, pursuant to California Water Code Sections 31007 and 31101, the Board of Directors of the San Lorenzo Valley Water District is authorized to fix and direct collection of water service rates in an amount sufficient to meet the operating expenses of the District, to provide for repairs and depreciation of the works and facilities of the District, to meet financial reserves for bonded indebtedness, and to obtain funds for capital projects needed to maintain service within the District; and

WHEREAS, the Board of Directors has reviewed and considered the projected expenses and revenues of the Districts, and has found and determined that an increase in water service rate schedule is necessary; and

WHEREAS, in compliance with Proposition 218 and District procedures, the Board of Directors held a public hearing to hear and consider all public testimony and written protests against the proposed increase to the water service rate schedule; and

WHEREAS, said public hearing was held not less than forty-five (45) days after the District mailed information to property owners regarding the proposed increase to the water service rate schedule; and

WHEREAS, the District Secretary provided the Board of Director's with a final tabulation of all valid written protests received against the proposed increases to the water service rate schedule; and

WHEREAS, the final tabulation of protests against the proposed increases to the water service rate schedule did not constitute a "majority" protest; and

WHEREAS, the Board has considered the proposed increases in water rates as presented; and

WHEREAS, in accordance with Ordinance 8, water rates may be established by resolution;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District as follows:

Section 1. R16.7(e) is hereby amended to read as follows:

R16.7(e) Water Service Charges

The following minimum bi-monthly basic water service charge and consumption (quantity) charges constitute the current water service charges:

1. Basic Water Service Charges

The minimum bi-monthly basic water service charge per meter shall be as shown on Exhibit A, a copy of which is attached hereto, and by reference incorporated herein.

2. Consumptive Charges

The schedule of consumptive charges shall be based upon a measured unit quantity of 100 cubic feet (748 gallons) per unit. The unit charge for water delivered shall be as shown on Exhibit A, a copy of which is attached hereto, and by reference incorporated herein.

Section 2. R16.7(f) is hereby amended to read as follows

R16.7(f) Surplus Water

The schedule of charges for surplus water shall be the minimum bi-monthly basic water service charge, in addition to a consumption charges for each unit of water delivered. The minimum bi-monthly basic water service charge shall only be applicable for each bi-monthly billing period during which any surplus water is used. The minimum bi-monthly basic water service charge and consumption charges for surplus water shall be in accordance with the consumption charges for regular metered service.

Section 3. R16.7(g) is hereby established to read as follows

R16.7(g) Flat Rate Customer Classes

The schedule of consumptive charges for all water use to customers in the Commercial, Institutional and Landscape customer classes shall be a flat rate for each measured unit quantity of 100 cubic feet (748 gallons) per unit.

Section 4. R16.7(h) is hereby established to read as follows

R16.7(h) Consumptive Charges Tier Unit Structure Adjustment Customer Classes

The schedule of tier unit consumptive charges for all water use to customers in the Multiple Family and Private Mutual customer classes shall be adjusted for the number of dwelling units served by the meter.

Section 5. The District Manager is directed to revise and collect rates and other water service charges pursuant to this resolution in a reasonable administrative manner proportional to the effective date of this resolution.

Section 6. This resolution shall supersede and cancel in their entirety the applicable prior sections relative to this matter.

Section 7. This resolution is effective immediately and implementation of the aforementioned Water Service Rate Schedule Modification shall become effective January 1, 2014, and upon such dated thereafter as stated herein.

* * * * *

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 24th day of October 2013, by the following vote of the members thereof:

AYES:
NOES:
ABSTAIN:
ABSENT:

James A. Mueller
Acting District Secretary
San Lorenzo Valley Water District

EXHIBIT "A"

**SAN LORENZO VALLEY WATER DISTRICT
RESOLUTION NO. XX (13-14)
SUBJECT: FIXING AND ADOPTING A WATER SERVICE RATE SCHEDULE**

Note: Water Service Rate Schedule per Proposition 218 Notice

1. Basic Water Service Charges

The minimum bi-monthly basic water service charge per meter shall be:

Meter Size	Effective Date January 1, 2014	Effective Date January 1, 2015	Effective Date January 1, 2016	Effective Date January 1, 2017	Effective Date January 1, 2018
5/8-inch	\$56.19	\$63.49	\$69.20	\$75.43	\$82.22
3/4-inch	\$56.19	\$63.49	\$69.20	\$75.43	\$82.22
1-inch	\$93.68	\$106.00	\$116.00	\$126.00	\$137.00
1-1/2-inch	\$189.00	\$214.00	\$233.00	\$254.00	\$277.00
2-inch	\$300.00	\$339.00	\$370.00	\$403.00	\$439.00
3-inch	\$563.00	\$636.00	\$693.00	\$755.00	\$823.00
4-inch	\$938.00	\$1,060.00	\$1,155.00	\$1,259.00	\$1,372.00

2. Consumptive Charges

The schedule of consumptive charges shall be based upon a measured unit quantity of 100 cubic feet (748 gallons) per unit. The unit charge for water delivered shall be:

Consumptive Charges	Effective Date January 1, 2014	Effective Date January 1, 2015	Effective Date January 1, 2016	Effective Date January 1, 2017	Effective Date January 1, 2018
First 8 units	\$3.14	\$3.55	\$3.83	\$4.14	\$4.47
9-30 units	\$4.11	\$4.64	\$5.01	\$5.41	\$5.84
31-100 units	\$4.93	\$5.57	\$6.02	\$6.50	\$7.02
Over 100 units	\$5.45	\$6.16	\$6.65	\$7.18	\$7.76
Flat Rate	\$3.84	\$4.34	\$4.69	\$5.07	\$5.48

EXHIBIT "A" ALTERNATIVE ONE

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. XX (13-14)

SUBJECT: FIXING AND ADOPTING A WATER SERVICE RATE SCHEDULE

Note: Water Service Rate Schedule per Municipal Financial Services October 17, 2013 recommendations.

1. Basic Water Service Charges

The minimum bi-monthly basic water service charge per meter shall be:

Meter Size	Effective Date January 1, 2014	Effective Date January 1, 2015	Effective Date January 1, 2016	Effective Date January 1, 2017	Effective Date January 1, 2018
5/8-inch	\$55.20	\$61.27	\$68.01	\$74.81	\$81.54
3/4-inch	\$55.20	\$61.27	\$68.01	\$74.81	\$81.54
1-inch	\$92.02	\$102.00	\$113.00	\$124.00	\$135.00
1-1/2-inch	\$185.00	\$205.00	\$228.00	\$251.00	\$274.00
2-inch	\$295.00	\$327.00	\$363.00	\$399.00	\$435.00
3-inch	\$553.00	\$614.00	\$682.00	\$750.00	\$818.00
4-inch	\$921.00	\$1,022.00	\$1,134.00	\$1,247.00	\$1,359.00

2. Consumptive Charges

The schedule of consumptive charges shall be based upon a measured unit quantity of 100 cubic feet (748 gallons) per unit. The unit charge for water delivered shall be:

Consumptive Charges	Effective Date January 1, 2014	Effective Date January 1, 2015	Effective Date January 1, 2016	Effective Date January 1, 2017	Effective Date January 1, 2018
First 8 units	\$3.09	\$3.43	\$3.81	\$4.13	\$4.47
9-30 units	\$4.04	\$4.48	\$4.97	\$5.39	\$5.83
31-100 units	\$4.84	\$5.37	\$5.96	\$6.47	\$7.00
Over 100 units	\$5.36	\$5.95	\$6.61	\$7.17	\$7.75
Flat Rate	\$3.77	\$4.18	\$4.64	\$5.03	\$5.44

ATTACHMENT 1



Information about Proposed Water Rate Increases To Fund System Reliability and Emergency Preparedness

Reasons for Proposed Rate Increases

The San Lorenzo Valley Water District's (SLVWD) mission is to provide its customers and future generations with reliable, safe and high quality water at an equitable price. Water rates are the primary source of revenue for SLVWD. The District's policy is to collect revenues sufficient to adequately fund operations, maintenance and capital replacement expenditures, and meet debt obligations—while keeping rates as competitive as possible and maintaining a prudent level of reserves.

A series of water rate adjustments is being proposed to fund projects that have been in the planning stages for a number of years and are included in the District's 2010 Capital Improvement Program (CIP). Revenue generated from water rates will be used to meet the capital projects costs associated with these projects, which are intended to maintain the safety and reliability of the District's water system. The revenue needs and proposed water rates are based on the 2013 Water and Wastewater Charges Study, which, along with the District's CIP, is available on the District's website: www.slvwd.com.

Notice of Public Hearing

The Board of Directors for the San Lorenzo Valley Water District (SLVWD) will hold a public hearing **Thursday, October 24, 2013 at 7:00 p.m.**, or as soon after as the matter may be heard, at the Highlands Park Senior Center, 8500 Highway 9, Ben Lomond, CA. The SLVWD Board of Directors will consider adoption of a proposed water rate increase and updated rate structure affecting all water customers. SLVWD encourages interested persons to appear at this time and comment on the issues being discussed.

Written Protests: Any property owner may protest the proposed water rates. If the identified parcel has more than one owner of record, only one written protest will be counted. Only written and signed protests of property owners that include the writer's address and/or assessor parcel number are to be counted to determine whether a majority protest to the proposed water rate increase exists. Written protests may be mailed or hand delivered to the San Lorenzo Valley Water District, 13060 Highway 9, Boulder Creek, CA, 95006, and must be received by the end of the public hearing to be counted. The SLVWD Board has adopted procedures for Proposition 218 Related Fees and Charges Proceedings, including submission and tabulation of protests in connection with rate and fee increases.

If you oppose the proposed rate increases, your protest must be submitted in writing to be counted, even if you plan to attend the Public Hearing. Written protests may be mailed to the District Secretary, 13060 Highway 9, Boulder Creek, California 95006, or hand delivered to the same location. To be counted the, the protest must (1) be in writing, (2) state opposition to the proposed water rate increase, (3) identify the parcel (by assessor's parcel number or street address), (4) include the original signature of the owner of record submitting the protest, and (5) be received before the conclusion of the Public Hearing. Protests submitted orally, by email, or other electronic means will not be counted.

Projects Planned to Increase System Reliability and Emergency Preparedness

The primary purpose of the proposed rate increases is to pay for projects that will ensure SLVWD maintains, repairs and improves its water system so that it can provide safe and reliable water service to its customers, including during emergencies. Revenues generated from the proposed increases will be used to fund projects in these main areas:

Capital Improvement Program: To ensure reliability, reduce leaks and improve fire flow capacities, the Capital Improvement Program includes prioritized projects that will be carried out on an ongoing annual

basis to maintain and replace aging and inadequate wells, storage reservoirs, pump stations and pipes.

Emergency Intertie Project: To provide critical backup supplies in the event of emergencies such as fires, earthquakes, floods and landslides, this project will connect four local water systems that are currently stand-alone.

Facilities Consolidation: This project will integrate SLVWD's operations and administration into one facility, including a comprehensive 24-hour emergency

operations center and increased environmental sustainability and efficiency to ensure reliable service into the future. Project features include modernized administration and operations buildings, outdoor storage and a community meeting room for public use.

Watershed Management: Ongoing projects will protect the environmental health of the local aquifer, fisheries and forested watersheds that supply water to the San Lorenzo Valley.



Calculating the Average Single-Family Residential Water Bill

The table below shows the current and proposed rates for a typical single-family residence in the San Lorenzo Valley Water District during the period 2014 through 2018. The average home uses 14 units of water, which is the equivalent of 1,400 cubic feet of water, during the bimonthly billing cycle and now pays \$90.99 (chart on left). The chart on the right shows how – under the proposed rates and updated tier structure – the same water usage would be calculated.

CURRENT (2013)	
Bimonthly service charge: 5/8" water meter	\$49.73
Bimonthly usage: 14 100-cf units	
First 10 units — 10 @ \$2.71	\$27.10
11-40 units — 4 @ \$3.54	\$14.16
Total	\$90.99

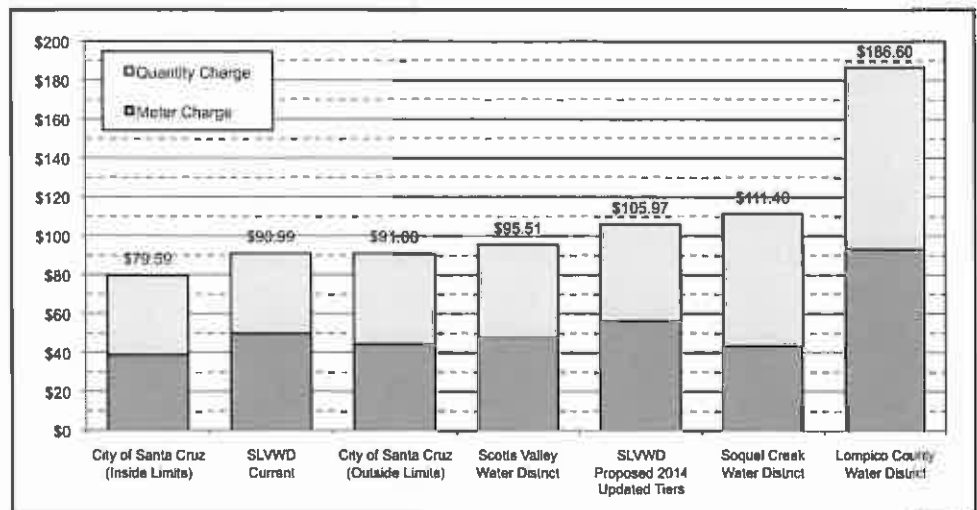
PROPOSED (2014)	
Bimonthly service charge: 5/8" water meter	\$ 56.19
Bimonthly usage: 14 100-cf units	
First 8 units — 8 @ \$3.14	\$25.12
9-30 units — 6 @ \$4.11	\$24.66
Total	\$105.97

Table: Single Family Average Water Use and Bimonthly Bills

	Current	FY14	FY15	FY16	FY17	FY18
Average Bimonthly Use						
Average Use						
100 cf/month	14.6	14.3	14.2	14.1	13.9	13.8
gallons per day	180	176	175	173	171	169
Bimonthly Bill						
5/8-inch Meter Charge	\$49.73	\$56.19	\$63.49	\$69.20	\$75.43	\$82.22
Quantity Charge						
Water Use, 100 cf	14	14	14	14	14	14
First 8 units	10	8	8	8	8	8
9 - 30 units	4	6	6	6	6	6
Rate, \$/100 cf						
First 8 units	\$2.71	\$3.14	\$3.55	\$3.83	\$4.14	\$4.47
9 - 30 units	\$3.54	\$4.11	\$4.64	\$5.01	\$5.41	\$5.84
Charge	\$41.26	\$49.78	\$56.24	\$60.70	\$65.58	\$70.80
Bimonthly Bill	\$90.99	\$105.97	\$119.73	\$129.90	\$141.01	\$153.02
Increase						
Dollars		\$14.98	\$13.76	\$10.17	\$11.11	\$12.01
Percent		16%	13%	8%	9%	9%

Comparing SLVWD Water Bills with Nearby Districts

This figure shows a comparison of the current and proposed SLVWD water rates with neighboring cities and water agencies in Santa Cruz County.



Current and Proposed Water Charges

The two tables below illustrate the current and proposed water charges from fiscal year 2014 through 2018. The first table shows basic charges, or meter charges, for various meter sizes and connections. Please note that 87% of the District's 7,300 customers are residential customers and most of those have a 5/8-inch meter. The annual percentage increase is shown just below the year, with increases ranging from 8% to 13% during the five-year period. The second table shows the usage rates based on an updated rate structure. The annual increases range from 8% to 16% over a five-year period.

Current and Recommended Basic Charges

	Current	FY14	FY15	FY16	FY17	FY18
Basic Charges, \$/2 months						
Annual Increase, %		13%	13%	9%	9%	9%
5/8-inch	\$49.73	\$56.19	\$63.49	\$69.20	\$75.43	\$82.22
5/8A-inch	\$82.90	\$93.68	\$106.00	\$116.00	\$126.00	\$137.00
5/8B-inch	\$166.92	\$189.00	\$214.00	\$233.00	\$254.00	\$277.00
5/8C-inch	\$265.68	\$300.00	\$339.00	\$370.00	\$403.00	\$439.00
3/4-inch	\$49.73	\$56.19	\$63.49	\$69.20	\$75.43	\$82.22
3/4A-inch	\$82.90	\$93.68	\$106.00	\$116.00	\$126.00	\$137.00
1-inch	\$82.90	\$93.68	\$106.00	\$116.00	\$126.00	\$137.00
1A-inch	\$166.92	\$189.00	\$214.00	\$233.00	\$254.00	\$277.00
1B-inch	\$265.68	\$300.00	\$339.00	\$370.00	\$403.00	\$439.00
1F-inch	\$49.73	\$56.19	\$63.49	\$69.20	\$75.43	\$82.22
1-1/2-inch	\$166.92	\$189.00	\$214.00	\$233.00	\$254.00	\$277.00
1-1/2A-Inch	\$265.68	\$300.00	\$339.00	\$370.00	\$403.00	\$439.00
1-1/2C-inch	\$829.76	\$938.00	\$1,060.00	\$1,155.00	\$1,259.00	\$1,372.00
1-1/2F-inch	\$82.90	\$93.68	\$106.00	\$116.00	\$126.00	\$137.00
1-1/2G-inch	\$49.73	\$56.19	\$63.49	\$69.20	\$75.43	\$82.22
1-1/2S-inch	\$531.36	\$600.00	\$678.00	\$739.00	\$806.00	\$879.00
2-inch	\$265.68	\$300.00	\$339.00	\$370.00	\$403.00	\$439.00
2A-inch	\$498.62	\$563.00	\$636.00	\$693.00	\$755.00	\$823.00
2G/L-inch	\$82.90	\$93.68	\$106.00	\$116.00	\$126.00	\$137.00
3-inch	\$498.62	\$563.00	\$636.00	\$693.00	\$755.00	\$823.00
4-inch	\$829.76	\$938.00	\$1,060.00	\$1,155.00	\$1,259.00	\$1,372.00

Current and Recommended Quantity Charges

	Current	FY14	FY15	FY16	FY17	FY18
Quantity Charges						
Annual Increase, %		16%	13%	8%	8%	8%
First 8 units	\$2.71	\$3.14	\$3.55	\$3.83	\$4.14	\$4.47
9 - 30 units	\$3.54	\$4.11	\$4.64	\$5.01	\$5.41	\$5.84
31 - 100 units	\$4.24	\$4.93	\$5.57	\$6.02	\$6.50	\$7.02
Over 100 units	\$4.59/\$5.00	\$5.45	\$6.16	\$6.65	\$7.18	\$7.76
Flat Rate	na	\$3.84	\$4.34	\$4.69	\$5.07	\$5.48



San Lorenzo Valley Water District
13060 Highway 9
Boulder Creek, California 95006

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Notice of Public Hearing
Proposed Water Rates
Affecting Your Area

Learn About Rates and Planned Projects to Increase System Reliability and Emergency Preparedness

The San Lorenzo Valley Water District (SLVWD) will host an informational Open House meeting for the public about the proposed rate increases and the projects associated with them on Thursday, October 10, 2013 from 7:00 to 9:00 p.m., at the Highlands Park Senior Center, 8500 Highway 9, Ben Lomond. Members of the community are encouraged to attend the meeting.

During the Open House meeting interested members of the public will have a chance to talk directly with District staff in an informal setting. There will be a brief formal presentation, as well as opportunities for interested residents to discuss the rate study and the proposed capital projects. Informational materials and displays will also be available.

If you have any questions about this notice, or the proposed rates, please call the District at (831) 338-2153 or visit www.slvwd.com.



OPEN HOUSE • Thursday, October 10, 2013 • 7:00 to 9:00 pm.

ATTACHMENT 2

SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. 18 (06-07)

SUBJECT: ADOPTION OF PROCEDURES FOR PROPOSITION 218 PROPERTY RELATED FEES AND CHARGES PROCEEDINGS.

WHEREAS, Pursuant to California Water Code sections 31007, 31024 and 31025 San Lorenzo Valley Water District (hereinafter "District") is authorized to establish fees and charges; and

WHEREAS, Proposition 218 was adopted on November 6, 1996, adding Articles XIIC and XIID to the California Constitution; and

WHEREAS, Articles XIIC and XIID of the California Constitution impose certain procedural and substantive requirements relating to property related fees and charges (as defined); and

WHEREAS, the Board of Directors of the San Lorenzo Valley Water District (hereinafter "Board") believes it to be in the best interest of the community to record its decisions regarding implementation of the provisions of Proposition 218 relative to procedures for property related fees and charges proceedings and, to provide the community with a guide to those decisions and how they were reached.

NOW, THEREFORE, Be it resolved by the Board of Directors of the San Lorenzo Valley Water District as follows:

SECTION 1. Statement of Legislative Intent. In adopting this resolution, it is the Board's intent to adopt procedures for property related fees and charges proceedings which are consistent and in compliance with Articles XIIC and XIID of the California Constitution and, with the Proposition 218 Omnibus Implementation Act (Government Code sections 53750 through 53754). It is not the intent of the Board to vary in any way from the requirements of Articles XIIC and XIID or the Proposition 218 Omnibus Implementation Act.

SECTION 2. Definition of Property Related Fees and Charges. Proposition 218 defines "property related fees and charges" as "any levy other than an ad valorem tax, a special tax, or an assessment imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service."

SECTION 3. Procedures for New or Increased Property Related Fees and Charges. The District shall apply the following procedures for the establishment of new or increased property related fees or charges. Said procedures follow the requirements of Article XIID, section 6 of the California Constitution:

- A. The District shall identify each parcel upon which new or increased property related fees or charges are proposed for imposition.

- B. The District shall calculate the amount of any proposed property related fees or charges.
- C. The District shall provide written notice by mail of any proposed property related fees or charges to the record owner(s) of each identified parcel upon which the fees or charges are proposed for imposition, the amount of the proposed property related fees or charges to be imposed upon each parcel, the basis upon which the amount of the proposed property related fees or charges were calculated, the reason for the proposed property related fees or charges, together with the date, time, and location for a public hearing on the proposed property related fees or charges.

SECTION 4: Notice of Proposed Property Related Fees or Charges. The District shall apply the following procedures to provide property owner(s) with a notice of proposed property related fees or charges.

- A. The record owner(s) of each parcel upon which new or increased property related fees or charges are proposed shall be determined from the last equalized secured property tax assessment roll. If the property tax roll indicates more than one owner, each owner shall receive notice. Only property owners shall receive notice.
- B. Said notice shall be mailed at least forty-five (45) calendar days prior to the date set for a public hearing on the proposed property related fees or charges. The mailing address of recorder owner(s) shall be determined from the last secured property tax assessment roll.
- C. The notice provided by this section and in accordance with Article XIID, section 6 of the California Constitution shall supersede and be in lieu of any other statute requiring notice relative to the imposition or increase of any property related fees or charges, including but not limited to the notices required by California Government Code sections 53753(d) and 54954.6.
- D. Failure of any person to receive notice shall not invalidate the proceedings.
- E. The cost of providing notice may be included as a cost of the property related fees or charges.

SECTION 5. Public Hearing. The District shall apply the following procedures pursuant to a public hearing for proposed property related fees or charges:

- A. The Board shall conduct a public hearing relative to any new or increased of property related fees or charges.
- B. Said public hearing shall be conducted not less than forty-five (45) calendar days after mailing the notice of proposed property related fees or charges to the record owner(s) of each identified parcel upon which the fees or charges are proposed for imposition.
- C. At the public hearing, the Board shall hear and consider all public testimony regarding the proposed property related fees or charges and, shall accept written protests against the proposed property related fees or charges from the record owner(s) of each identified parcel upon

which the fees or charges are proposed for imposition until close of the public testimony portion of the public hearing.

- D. The Board may impose reasonable time limits on both the length of the entire hearing and the length of each speaker's testimony.
- E. The District Secretary is hereby designated as the impartial person to tabulate written protests.
- F. At the conclusion of the public testimony portion of the public hearing, the District Secretary shall begin tabulation of the written protests received, including those received during the public hearing.
- G. If it is not possible to tabulate the written protests on the day of the public hearing, or if additional time is necessary for public testimony, the Board may continue the public hearing to a later date to receive additional testimony, or to finish tabulating the written protests.
- H. The District Secretary shall provide the Board with a final tabulation of written protests.
- I. Upon final tabulation of written protests, if written protests against the proposed property related fees or charges are presented by a majority of property owners of the identified parcels, the Board shall not impose the property related fees or charges.

SECTION 6. Protest Proceedings. The District shall apply the following procedures to protest pursuant to property related fees or charges:

- A. All protest must be in writing and returned by mail to the District at the address indicated on the Notice of Proposed Property Related Fees or Charges, or hand delivered to the District Secretary at the public hearing. Protest must be received by the District not later than close of the public testimony portion of the public hearing on the proposed property related fees or charges.
- B. All written protests must be dated, contain a description of the property such as, physical address and/or Assessors Parcel Number, and be signed by the owner of record.
- C. A tenant of real property shall not, solely by virtue of such tenancy, have the power or authority to submit a protest.
- D. Only one (1) written protest shall be counted for each individual parcel.
- E. All written protest are a "public record" as that phrase is defined by the California Public Record Act (Government Code, §6252) and shall be open to public inspection after final tabulation of the written protest.

SECTION 7. Ballot Proceedings. Pursuant to Article XIID, section 6(c), of the California Constitution, whenever proposed property related fees or charges are required to be submitted and approved by ballot proceedings, the District shall apply the following procedures:

- A. The District shall conduct a ballot proceeding when required by Article XIID, section 6(c), of the California Constitution.
- B. Ballot proceedings required by Article XIID, section 6(c) shall be conducted not less than forty-five (45) calendar days after completion

of the public hearing conducted pursuant to Section 5 of this resolution.

- C. Ballots shall be mailed to all property owners of record of each identified parcel upon which property related fees or charges are proposed for imposition at least forty-five (45) calendar days prior to the date for a public hearing on the ballot proceedings. The ballot shall comply with California Government Code Section 53753 (c). The mailing address of record owner(s) shall be determined from the last equalized secured property tax assessment roll.
- D. The Board shall conduct a public hearing on the ballot proceedings. The public hearing shall be conducted not less than forty-five (45) calendar days after mailing the ballots to record owner(s) of each identified parcel upon which the fees or charges are proposed for imposition. At the public hearing, the District shall consider public testimony and tabulate the written ballots.
- E. The District shall not impose property related fees or charges if there is a majority protest. A majority protest exists if, upon the conclusion of the public hearing, written ballots submitted, and not withdrawn, in opposition to the property related fees or charges exceeds the written ballots submitted, and not withdrawn, in favor of the property fees or charges.
- F. All ballots must be returned by mail to the District at the address indicated on the ballot, or hand delivered to the District Secretary at the ballot proceedings public hearing. Ballots must be received by the District not later than close of the public testimony portion of the public hearing on the ballot proceedings. Ballots must be sealed in the envelope provided by the District.
- G. Each ballot must be signed by the owner of record under penalty of perjury.
- H. A tenant of real property shall not, solely by virtue of such tenancy, have the power or authority to submit a ballot.
- I. If a parcel has multiple owners, any owner may request a proportional ballot. If the ownership interest of the owner is not shown on the last secured property tax assessment roll, such request must include evidence satisfactory to the District, of the owner's proportional rights in the parcel. The District will provide the proportional ballot to the owner at the address shown on the last equalized secured property tax assessment roll. Any request for a ballot to be mailed to another location must be made in writing and, must include evidence satisfactory to the District, of the identity of the person requesting the ballot. Each proportional ballot will be marked to show the date on which the ballot was issued, to identify it as a proportional ballot, and to indicate the owner's proportional rights in the parcel. The District will keep a record of each proportional ballot provided to an owner.
- J. The District will accept only official ballots with original signatures. Photocopies will not be accepted.
- K. Upon receipt of a written request, signed by the owner and delivered to the District Secretary, the District may issue a duplicate ballot to any property owner whose original ballot was lost, withdrawn, destroyed

or never received. The duplicate ballot will be marked to show the date on which it was issued, and to identify it as a duplicate ballot or a duplicate proportional ballot. The above procedure also applies to duplicate ballots or duplicate proportional ballots that are lost, withdrawn, destroyed or never received.

- L. A ballot proceeding relative to property related fees or charges is not an election.
- M. All ballots are a "public record" as that phrase is defined by the California Public Records Act (Government Code, § 6252) and shall be open to public inspection after final tabulation of the ballots.
- N. To complete a ballot, a person must:
 - a. Mark the appropriate box supporting or opposing the proposed property related fees or charges; and,
 - b. Sign, under penalty of perjury, the statement on the ballot that the person completing the ballot is the owner of the parcel or the owner's authorized representative.Only one box may be stamped or marked on each ballot. All incomplete or improperly marked ballots shall be disqualified from balloting. The District Secretary shall retain all disqualified ballots.
- O. After submitting a ballot to the District the person who signed the ballot may withdraw the ballot by submitting a written statement to the District Secretary directing the District Secretary to withdraw the ballot. Such statement must be received by the District Secretary prior to close of the public testimony portion at the ballot proceedings public hearing. When ballots for the proposed property related fees or charges are tabulated, the District Secretary shall segregate withdrawn ballots from all other submitted ballots. The District Secretary shall retain all withdrawn ballots and shall indicate on the face of such withdrawn ballots that they have been withdrawn.
- P. In order to change the contents of a ballot that has been submitted, the person who signed the ballot must:
 - a. Request that such ballot be withdrawn; and,
 - b. Request that a duplicate ballot be issued and return the duplicate ballot fully completed.Each of these steps must be completed according to the procedures set forth herein.

SECTION 8. Tabulating Ballots. Pursuant to Article XIID, section 6(c), of the California Constitution, whenever proposed property related fees or charges are required to be submitted and approved by ballot proceedings, the District shall apply the following procedures:

- A. The District Secretary is hereby designated as the impartial person to tabulate ballots. The District Secretary shall determine the validity of all ballots. All ballots submitted, and not withdrawn, shall be accepted as valid except those in the following categories:
 - 1. A photocopy of a ballot;
 - 2. A ballot that does not contain an original signature;

3. A letter or other form of a ballot that is not an official ballot provided by the District;
4. An unsigned ballot, or ballot signed by an unauthorized individual;
5. A ballot that lacks an identifiable mark in the box of a "yes" or "no" vote or, with more than one box marked;
6. A ballot not sealed in the envelope provided by the District.
7. A ballot received after the close of the balloting time period;
8. A ballot that appears tampered with or otherwise invalid based upon its appearance or method of delivery or other circumstances.

The decision of the District Secretary, after consultation with legal counsel, that a ballot is invalid shall be final and may not be appealed to the Board.

- B. In the event of a dispute regarding whether the signer of a ballot is the owner of the parcel to which the ballot applies the District Secretary will make such determination from the last equalized secured property tax assessment roll and any evidence of ownership submitted to the District prior to close of the public testimony portion of the ballot proceeding public hearing. The District Secretary will be under no duty to obtain or consider any other evidence as to ownership of property. Determination of ownership by the District Secretary will be final and conclusive.
- C. In the event of a dispute regarding whether the signer of a ballot is an authorized representative of the owner of the parcel, the District Secretary may rely on the statement on the ballot signed under penalty of perjury that the person completing the ballot is the owner's authorized representative and on any evidence submitted to the District prior to close of the public testimony portion of the ballot proceedings public hearing. The District Secretary will be under no duty to obtain or consider any other evidence as to whether the signer of the ballot is an authorized representative of the owner(s). Determination of an authorized representation by the District Secretary will be final and conclusive.
- D. For properties with more than one owner of record, ballots will be accepted from each owner of record. In the event that more than one of the record owners of a parcel submits a ballot, each ballot shall be tabulated in proportion to the respective record of ownership, established to the satisfaction of the District, by documentation provided by those record owners. If only one owner of record votes, that vote shall be tabulated on behalf of the entire parcel.
- E. A property owner's failure to receive a ballot shall not invalidate the ballot proceedings conducted pursuant to this resolution and Article XIID, section 6(c) of the California Constitution.

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 15th day of February 2007, by the following vote of the members thereof:

AYES: Nelson, Rapoza, Vierra, Prather
NOES: None
ABESENT: McPherson



Brandon Barchi
District Secretary
San Lorenzo Valley Water District

ATTACHMENT 3

October 17, 2013

Mr. Jim Mueller
San Lorenzo Valley Water District
13060 Highway 9
Boulder Creek, CA 95006-9119

Subject: Evaluation of Water Rates and Cash Flow Using Projected Capital Expenditures that Exclude the Facilities Consolidation Project and Rate Implementation Dates of January 1

Dear Mr. Mueller:

At your request, we evaluated the impact on recommended water rates of two changes in projected capital expenditures and changes in water rate implementation dates. The changes incorporated into the rate evaluation are summarized below:

- Exclude \$6,000,000 in capital expenditures for the Facilities Consolidation Project;
- Decrease Emergency Intertie projected capital expenditures from \$5,000,000 to \$4,600,000; and
- Assume rate implementation dates of January 1, rather than July 1, for each fiscal year.

This evaluation is conducted using the same non-rate revenues (revenues from sources other than water rates) and operating expenditures presented in the March 2013 *Final Water and Wastewater Charges Study* (Study) prepared by Municipal Financial Services for the San Lorenzo Valley Water District (District or SLVWD).

This evaluation includes background on three other topics – 1) historical and projected water use by Single Family customers; 2) historical and projected Single Family water bills; and 3) the impact of no water rate increases for the next five fiscal years.

Background

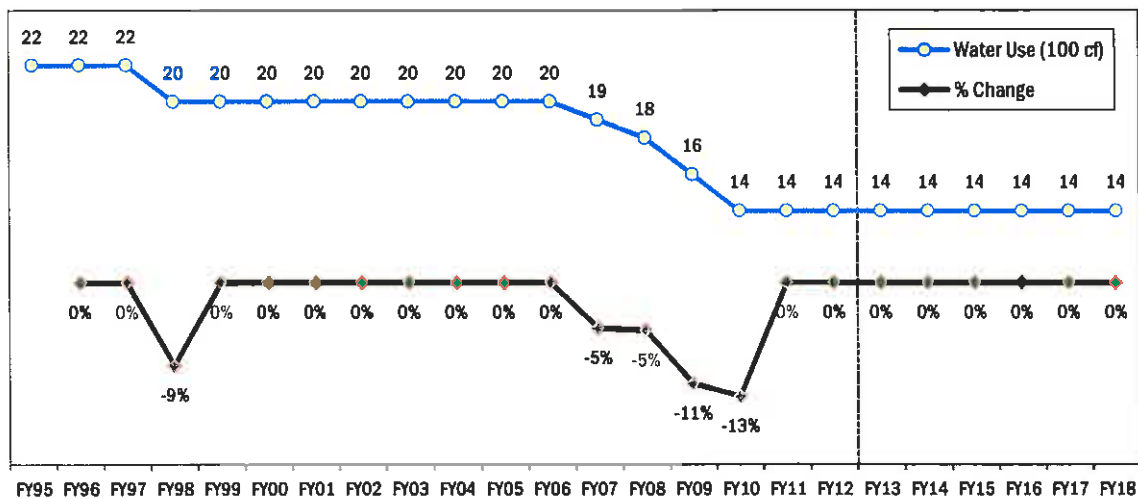
During March 2013, the District completed a *Final Water and Wastewater Charges Study*. The Study documented the basis for recommended increases in water rate basic charges and quantity charges for Fiscal Year 2013-2014 (FY14) through FY18 (five fiscal years). The recommended increases in basic charges for each fiscal year were 13% (FY14), 13% (FY15), 9% (FY16), 9% (FY17) and 9% (FY18). The recommended increases in quantity charges for each fiscal year were 16% (FY14), 13% (FY15), 8% (FY16), 8% (FY17) and 8% (FY18). All assumptions regarding revenue from water rates were based on an implementation date of July 1 for each fiscal year.

The Study, along with the District's 2010 Capital Improvement Program, were made available on the District's website. At its September 5, 2013 meeting, the District Board voted unanimously to proceed with the provisions of Proposition 218 to notify customers of the rate increase plan and hold a hearing on the plan. The District held an open house to discuss the rate plan and the projects associated with it on October 10, 2013. The recommended water rates shown in the Study were published in a *Notice of Public Hearing* (Notice). The Public Hearing announced in the Notice is scheduled for October 24, 2013.

Water Use by Single Family Customers

Single Family customers comprise approximately 73 percent of total water consumption (*residential*/water consumption, which includes multiple family and private mutual customers, is approximately 90 percent of total water consumption). Historical water use by Single Family customers has declined dramatically over the past two decades. Average bimonthly water use, as measured in units of hundred cubic feet (100 cf) has declined from 22 units (~271 gallons per day) in 1995 to 14 units (~172 gallons per day) in 2012. Water use is projected to continue to decline by approximately 1 percent per year during FY14 – FY18. Historical and projected water use by Single Family customers is summarized in the figure below (projected water use is rounded to 14 units which masks the 1 percent decline in FY14 – FY18).

Figure 1. Historical and Projected Single Family Water Use (100 cf)

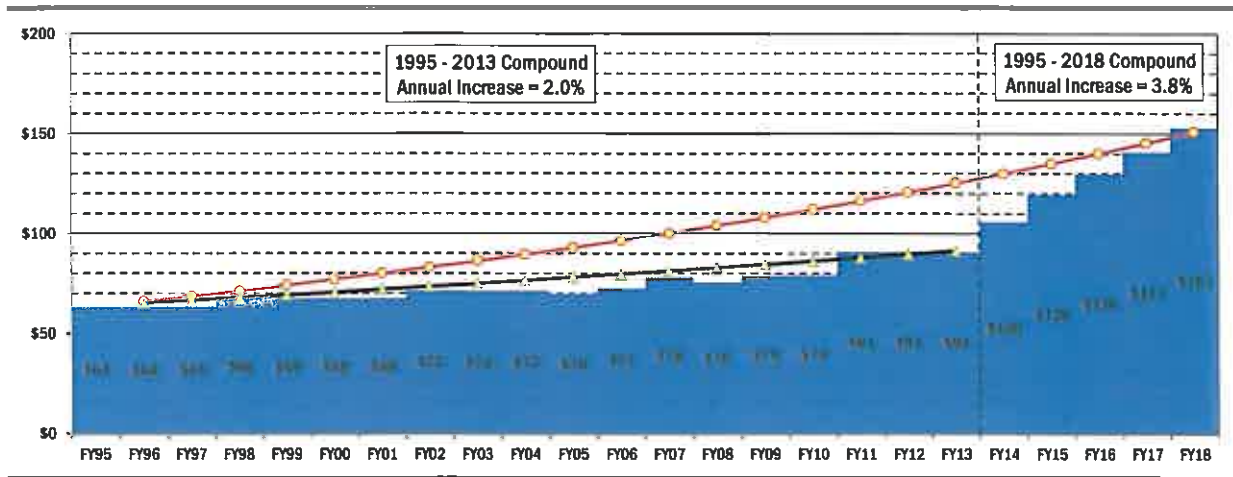


The cumulative decline in water use by Single Family customers during the 18 years ending in 2012 is 36 percent. The decline in water use by Single Family customers (and other customers) has caused revenues from quantity charges to decline much faster than expenditures for producing water because a majority of the District's costs to produce water do not vary with water production (maintenance of wells; maintenance of pipe; the number of personnel; monitoring, sampling and reporting water quality status; etc.).

Historic and Projected Single Family Customer Bimonthly Water Bills

Historical and projected bimonthly water bills for Single Family customers for 1995 – 2018 are summarized in the figure below. Water bills are based on the average bimonthly water use shown in the preceding figure. Projected bimonthly bills are based on recommended water rates shown in the Notice.

Figure 2. Historical and Projected Single Family Bimonthly Water Bills

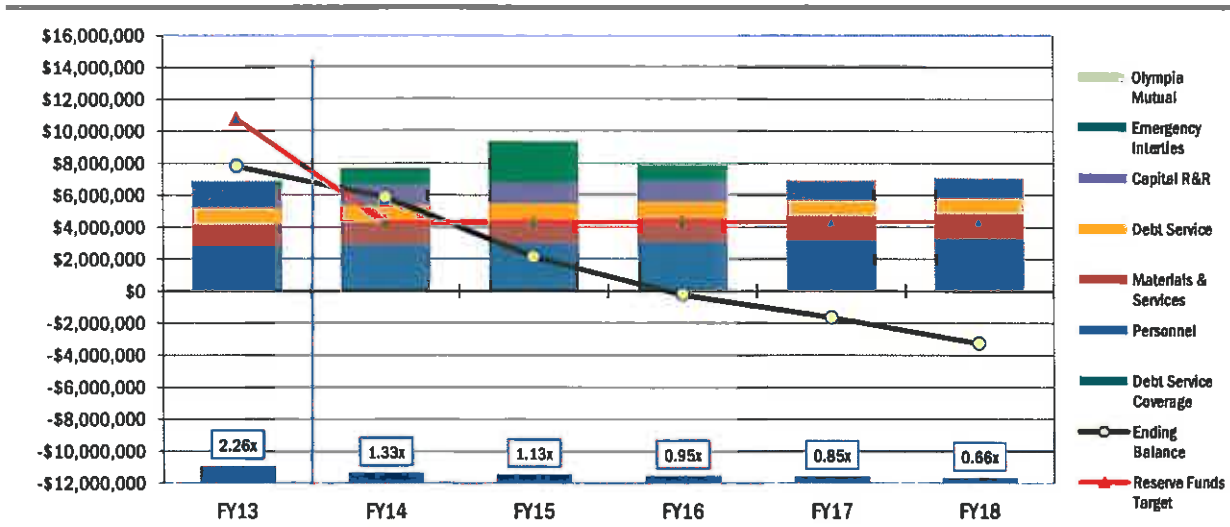


Note that in some years many Single Family customers are able to reduce their bills through reductions in water use despite an increase in water rates.

Impact on Cash Flow and Debt Coverage of No Rate Increases and No Facilities Consolidation Project

The impact on cash flow and the debt coverage ratio, assuming no rate increases and no facilities consolidation project, is summarized in the figure below. Note that debt coverage reaches a “technical default” level in FY15 and the fund balance becomes negative in FY16.

Figure 3. Cash Flow and Debt Coverage with No Rate Increases and No Facilities Consolidation Project



It is vital to understand that the calculation of the debt coverage ratio is based only on operating revenues, operating expenditures, the amount of debt service principal and interest payments, and the stipulated minimum debt coverage ratio. *Based on projections of the variables that impact calculation of the debt coverage ratio, the District will be required to raise water rates by FY15 to avoid a technical default.*

Changes to Projected Capital Expenditures and Rate Implementation Dates

The study projected \$6,000,000 in capital expenditures for the Facilities Consolidation project. The expenditures were to be funded through the issuance of new debt. Annual debt service principal and interest payments associated with the Facilities Consolidation project for FY14 - FY 18 were projected to be approximately \$1,860,000. Both the capital expenditures and the issuance of new debt are excluded for the development of revised water rates.

The study projected \$5,000,000 in capital expenditures for Emergency Interties (Prop 50 Grant) projects. The expenditures were projected to be \$1,000,000 in FY14, \$3,000,000 in FY15, and \$1,000,000 in FY16. The FY15 value is changed to \$2,600,000 for the development of revised water rates.

The water rates developed in the Study assumed rate implementation on the first day of each fiscal year (July 1). Revised rates are based on implementation dates of January 1 (midway through each fiscal year), rather than July 1, for each fiscal year. The change in the implementation dates dramatically lowers the projected amount of revenue from water rate increases.

Annual percent water rate increases shown in the Study for FY14 - FY 18 were 13%/13%/9%/9%/9% for the basic charges and 16%/13%/8%/8%/8% for the quantity charges.

Revised annual percent water rate increases for FY14 - FY 18 that take into account changes to projected capital expenditures and rate implementation dates are 11%/11%/11%/10%/9% for the basic charges and 14%/11%/11%/8.5%/8.2% for the quantity charges.

As the following figures will show, the decrease in revenue from rates resulting from the change in implementation dates (approximately \$1,870,000 during FY14-FY18) is slightly greater than the annual debt service principal and interest payments associated with the Facilities Consolidation project (approximately \$1,860,000). The slight reduction in revised water rates is from the decrease in projected expenditures for the Emergency Interties (Prop 50 Grant) projects.

Revenue from rate increases is compared for three scenarios in the three figures below.

Figures 4, 5 and 6. Revenue from Rate Increases Using Three Scenarios

Figure 4. Scenario 1: Prop 218 Rate Increases, Effective Each July 1, Including Facilities Consolidation Project

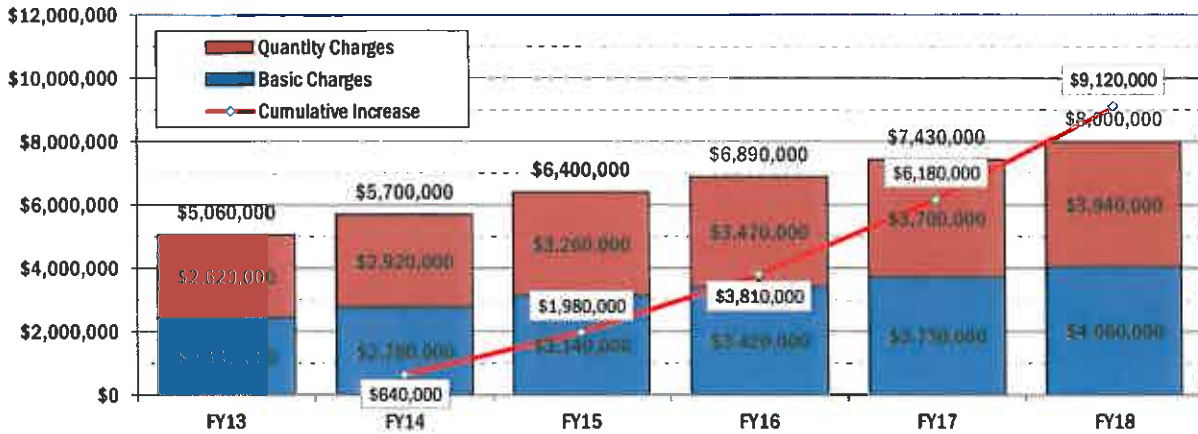


Figure 5. Scenario 2: Revised Rate Increases, Effective Each July 1, Excluding Facilities Consolidation Project

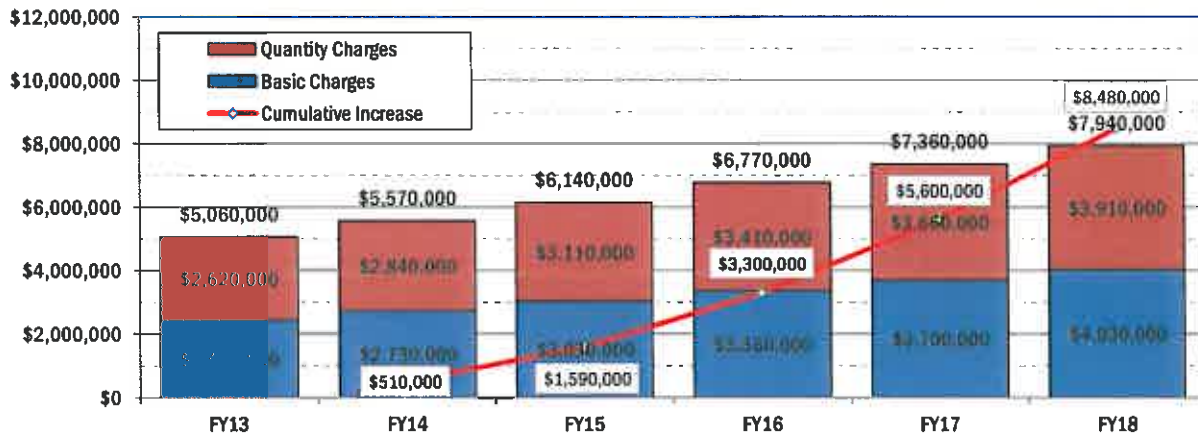
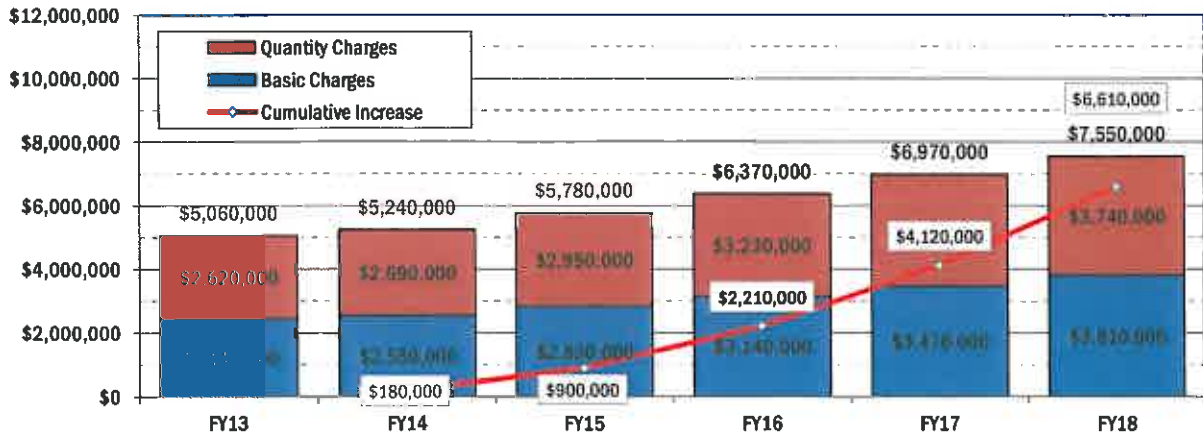


Figure 6. Scenario 3: Revised Rate Increases, Effective Each January 1, Excluding Facilities Consolidation Project



Cash flow and the percent increase in annual average bimonthly bills for Single Family customers presented in the Study are shown in Figure 7. Cash flow and the percent increase in annual average bimonthly bills for Single Family customers based on the revised water rates are shown in Figure 8.

Figure 7. Cash Flow and July 1 Rate Increases Including the Facilities Consolidation Project

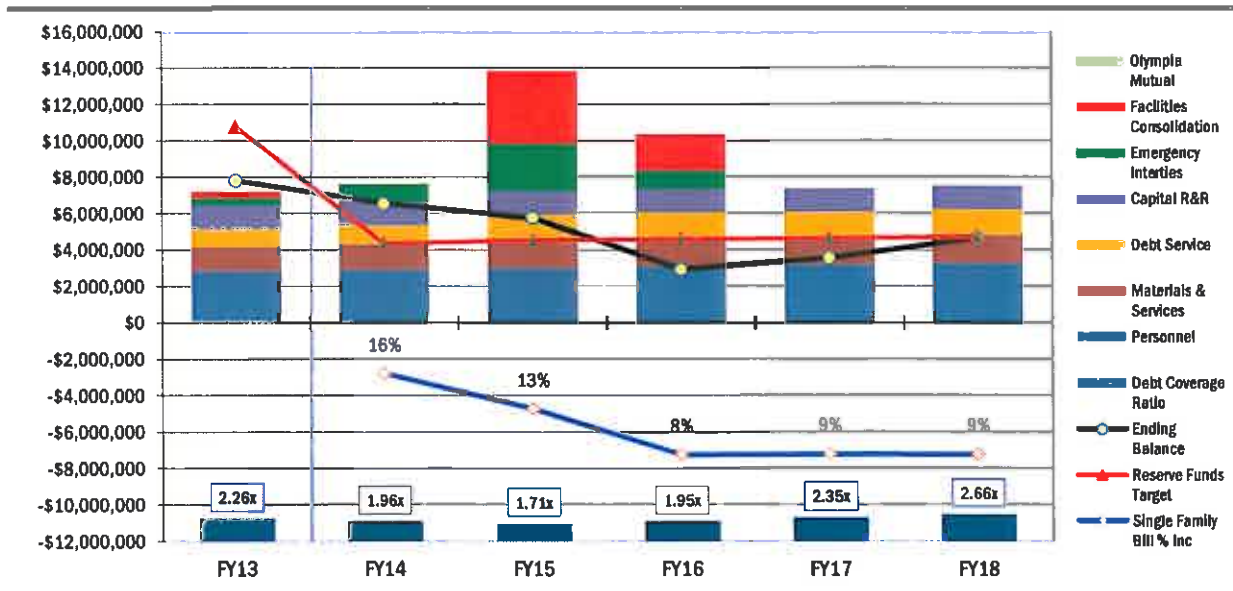
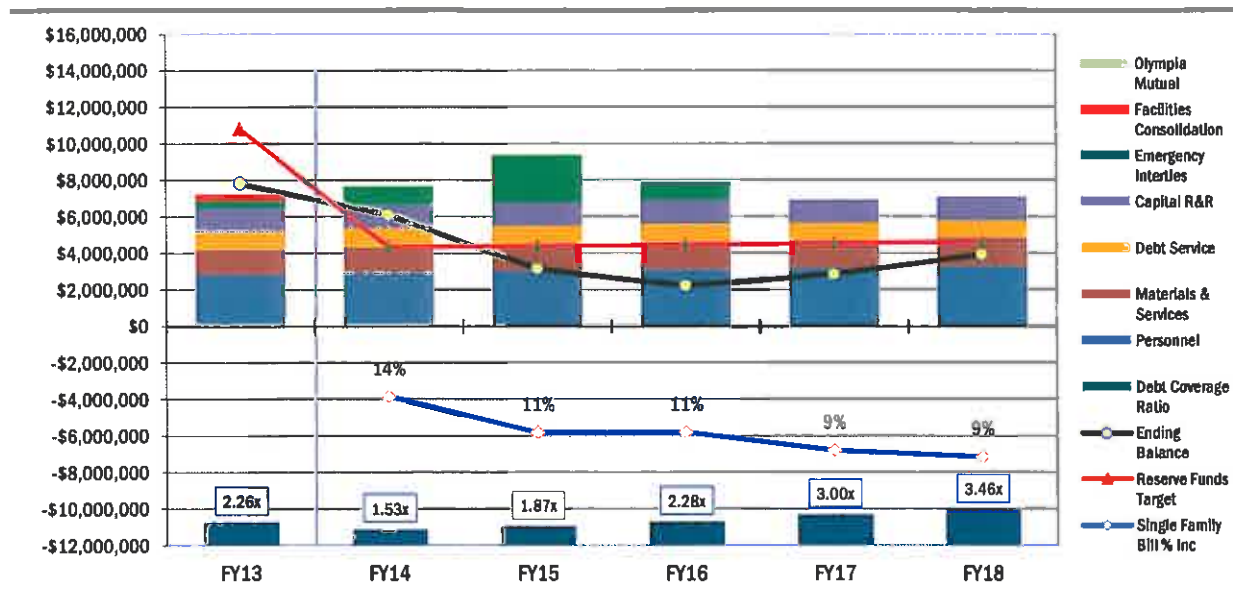


Figure 8. Cash Flow and January 1 Rate Increases Excluding the Facilities Consolidation Project



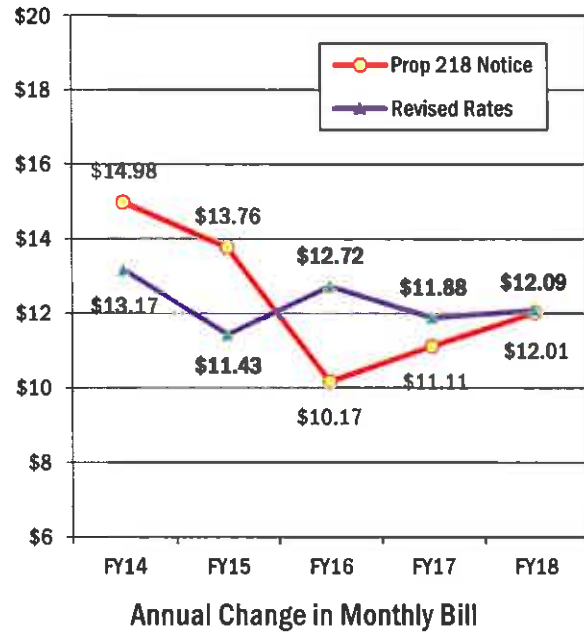
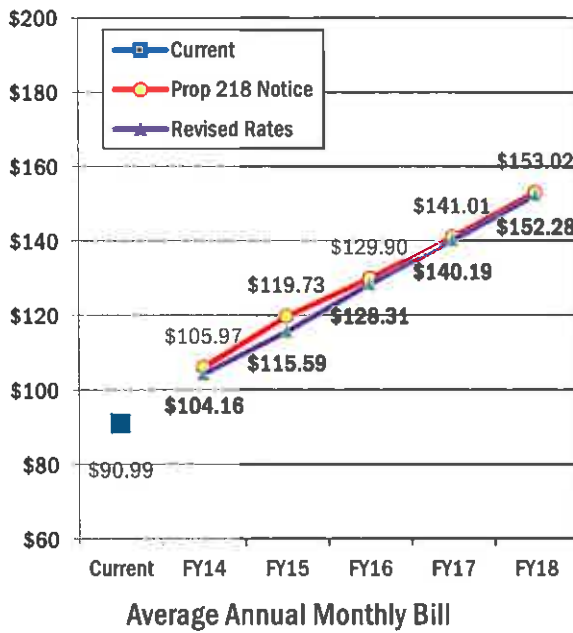
Revised water rates that are recommended for adoption January 1 of each year are listed in the table below. All revised water rates are equal to or less than those published in the Notice.

Table 1. Recommended Water Rates

	<i>effective dates ></i>	<i>1-Jan-14</i>	<i>1-Jan-15</i>	<i>1-Jan-16</i>	<i>1-Jan-17</i>	<i>1-Jan-18</i>
	Current	FY14	FY15	FY16	FY17	FY18
Basic Charges, \$/2 months						
Annual Increase, %		11%	11%	11%	10%	9%
5/8-inch	\$49.73	\$55.20	\$61.27	\$68.01	\$74.81	\$81.54
5/8A-inch	\$82.90	\$92.02	\$102.00	\$113.00	\$124.00	\$135.00
5/8B-inch	\$166.92	\$185.00	\$205.00	\$228.00	\$251.00	\$274.00
5/8C-inch	\$265.68	\$295.00	\$327.00	\$363.00	\$399.00	\$435.00
3/4-Inch	\$49.73	\$55.20	\$61.27	\$68.01	\$74.81	\$81.54
3/4A-inch	\$82.90	\$92.02	\$102.00	\$113.00	\$124.00	\$135.00
1-inch	\$82.90	\$92.02	\$102.00	\$113.00	\$124.00	\$135.00
1A-inch	\$166.92	\$185.00	\$205.00	\$228.00	\$251.00	\$274.00
1B-inch	\$265.68	\$295.00	\$327.00	\$363.00	\$399.00	\$435.00
1F-inch	\$49.73	\$55.20	\$61.27	\$68.01	\$74.81	\$81.54
1-1/2-inch	\$166.92	\$185.00	\$205.00	\$228.00	\$251.00	\$274.00
1-1/2A-inch	\$265.68	\$295.00	\$327.00	\$363.00	\$399.00	\$435.00
1-1/2C-inch	\$829.76	\$921.00	\$1,022.00	\$1,134.00	\$1,247.00	\$1,359.00
1-1/2F-inch	\$82.90	\$92.02	\$102.00	\$113.00	\$124.00	\$135.00
1-1/2G-inch	\$49.73	\$55.20	\$61.27	\$68.01	\$74.81	\$81.54
1-1/2S-inch	\$531.36	\$590.00	\$655.00	\$727.00	\$800.00	\$872.00
2-inch	\$265.68	\$295.00	\$327.00	\$363.00	\$399.00	\$435.00
2A-Inch	\$498.62	\$553.00	\$614.00	\$682.00	\$750.00	\$818.00
2G/L-inch	\$82.90	\$92.02	\$102.00	\$113.00	\$124.00	\$135.00
3-inch	\$498.62	\$553.00	\$614.00	\$682.00	\$750.00	\$818.00
4-Inch	\$829.76	\$921.00	\$1,022.00	\$1,134.00	\$1,247.00	\$1,359.00
Quantity Charges, \$/100 cf						
Annual Increase, %		14%	11%	11%	8.4%	8.2%
First 8 units	\$2.71	\$3.09	\$3.43	\$3.81	\$4.13	\$4.47
9 - 30 units	\$3.54	\$4.04	\$4.48	\$4.97	\$5.39	\$5.83
31 - 100 units	\$4.24	\$4.84	\$5.37	\$5.96	\$6.47	\$7.00
Over 100 units	na	\$5.36	\$5.95	\$6.61	\$7.17	\$7.75
Flat Rate	na	\$3.77	\$4.18	\$4.64	\$5.03	\$5.44

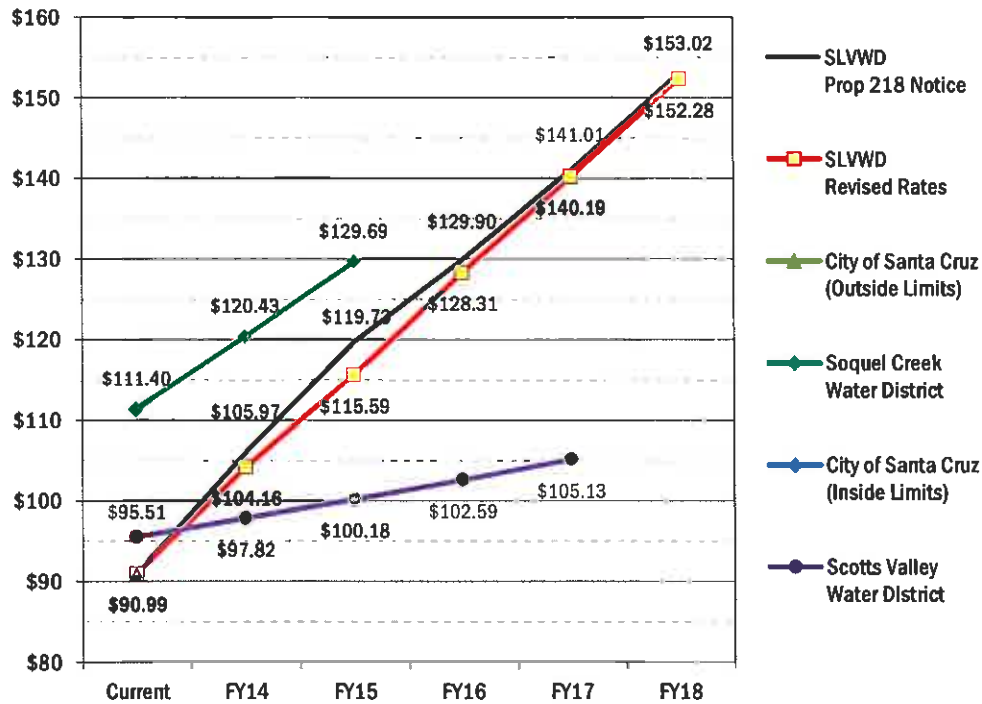
Figure 9 shows bimonthly bills for Single Family customers based on both the Study water rates and revised water rates (bills are for a 5/8-inch meter connection using 14 units of water). The quantity charges for water use for all bills, except the current bill, are based on the new tiered rate structure. Figure 10 shows the annual change in bimonthly bills.

Figures 9 and 10. Single Family Bimonthly Bills



The figure below shows the District's projected single family bimonthly bills (assuming a 5/8-inch meter and 14 units of water use) and those for other agencies if those agencies have rates adopted over the next five years.

Figure 11. Multiple Year Survey of Single Family Bimonthly Bills



The content of this evaluation is intended to demonstrate the basis for development of revised water rates. The basis for revised water rates was supported by the following factors – 1) changes to capital project expenditures, changes in the implementation dates from July 1 (the beginning of each fiscal year) to January 1 (the middle of each fiscal year), drastic reductions in historical water use, and contractual obligations to achieve certain debt coverage ratios.

Very truly yours,

MUNICIPAL FINANCIAL SERVICES

Tom Pavletic