SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. IV-E**

FROM: Steve Mack, General Manager

Meeting Date: June 6, 2013

SUBJECT: AMENDING RESOLUTION 13-10, FISCAL YEAR 2013-2014 WATER RATES

RECOMMENDED ACTION:

Approve Resolution 13-13 which amends Resolution 13-10 correcting the error in Exhibit A which had incorrect Water Usage Charges.

FISCAL IMPACT: The error in Water Usage Charges would have a financial impact in Fiscal Year 2013-2014 of approximately $19,000, if left unchanged.

DISCUSSION:

At the May 2, 21013 meeting the Board of Directors approved Resolution 13-10 which approved a 3% increase in the District's Base Rate, Water Usage and Capital Debt Reduction Charges. Exhibit A of the Resolution had the incorrect Water Usage Charges shown. The correct Water Usage Charges were in the Proposition 218 Notice that went out to all property owners in the District, the presentation at the public hearing showed the correct Water Usage Charges and the discussion of the 3% water rate increase made it clear that all charges were to be increased by 3%.

Resolution 13-13 has the correct values for the Water Usage Charges in Exhibit A and needs to be approved so that the correct water rates can be used in billings after July 1, 2013. I apologize for the confusion this error has caused.

Resolution No. 13-13

A Resolution of the Board of Directors of the Sweetwater Springs Water District Adopting Water Rates for Fiscal Year 2013-2014

WHEREAS, pursuant to Water Code Section 31007, the District Board of Directors is authorized to establish rates and charges sufficient to pay for operating expenses, provide for repairs and depreciation of works and pay for the principal and interest on debt; and

WHEREAS, pursuant to Water Code Section 31025, the District shall fix and through the General Manager collect water rates; and

WHEREAS, based on the 2007 Rate Study conducted by Brelje and Race ("2007 Rate Study") and other information provided to the Board of Directors, the Board of Directors has evaluated the anticipated revenues and expenditures necessary to operate the District and cover the costs of providing water services to customers of the District; and

WHEREAS, the funding assistance for the District Capital Improvement Program (CIP) from the Russian River Redevelopment Oversight Committee and the Sonoma County Community Redevelopment Agency has allowed the District to delay increases in the Capital Debt Reduction Charge; and

WHEREAS, the District cannot rely on these funding sources to fund the District's CIP in the future; and

WHEREAS, in March of 2013 District staff sent formal notices of the public hearing on the proposed rate structure for Fiscal Year 2013-2014 (FY14) in accordance with the requirements of Article XIII-D, Section 6(b) of the California Constitution, and has included other rate information on the District's website; and

WHEREAS, the formal notices advised ratepayers and property owners of the new proposed rate structure and the process for submitting protests to said rate structure to the District, in accordance with the requirements of Article XIII-D, Section 6(b) of the California Constitution; and

WHEREAS, the District Board of Directors conducted a public hearing on May 2, 2013 to hear public testimony on the proposed water rate structure for FY14, and heard all testimony regarding the proposed water rates and accepted all related comments and protests for FY14; and

WHEREAS, at the conclusion of the public hearing the District Clerk tabulated the number of protests and reported that there was not a majority protest of the proposed water rate structure for FY14; and

WHEREAS, based on the evidence and testimony provided at the time of the public hearing on this matter, the Board of Directors finds as follows:

1. The proposed rate increases set forth in Exhibit "A" follow the recommendations of the 2007 Rate Study that was commissioned by the District Board of Directors as a basis for restructuring water rates commencing in May 2009.

2. Pursuant to the analysis and recommendations contained in the 2007 Rate Study, the proposed water rates are directly related to the District's actual cost of providing water service and are not levied for general revenue purposes.

3. Based on the 2007 Rate Study, the proposed water rates needed to cover those costs of operation, repair, and maintenance costs of the District's water system are neither excessive nor discriminatory.

4. Proper notice of the proposed rate structure and notice of a public hearing on the matter has been given to all ratepayers and owners of identified parcels within the District, in accordance with applicable law.

5. The proposed water rates, as described in Exhibit "A", attached, were not protested by a majority of the persons eligible to protest said rate structure; and

WHEREAS, at the May 2, 2013 Board Meeting the Board passed Resolution 13-10 which had the above findings and Exhibit A which contained Base Rate, Water Usage, and Capital Debt Reduction Charges but after the meeting an error was found in the Water Usage Charges; and

WHEREAS, Exhibit A included in this Resolution has the correct Water Usage Charges.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Sweetwater Springs Water District adopts the following:

Section 1. Base Rate, Water Usage, and Capital Debt Reduction Charges. Effective on all bills issued on or after July 1, 2013, the bi-monthly Base Rate, Water Usage Rate, and Capital Debt Reduction Charges shall be as shown in Table 1 of Exhibit "A", attached.

Section 2. Severability. If any section, subsection, sentence, clause of phrase or this Resolution is for any reason held by a court of competent jurisdiction to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of the Resolution. The District Board of Directors hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause and phrase thereof irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases may be held invalid or unconstitutional.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on June 6, 2013, by the following vote.

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Tim Lipinski	_____	_____
Richard Holmer	_____	_____
Gaylord Schaap	_____	_____
Victoria Wikle	_____	_____

_____

Richard Holmer
President of the Board of Directors

_____

Attest: Julie A. Kenny
Clerk of the Board of Directors

Exhibit A

Sweetwater Springs Water District
Water Service Base Rate, Usage Charges and Capital Debt Reduction Charge

Effective on all bills issued on or after July 1, 2013

The rates indicated below shall be effective on all bills issued on or after July 1, 2013, and these fees, rates and charges shall supercede and replace those in Resolution 13-10.

Table 1. Sweetwater Springs Water District Water Rates for 2013-14 Base Rate, Water Usage, and Capital Debt Reduction Charges

		Tier 1	Tier 2	Tier 3	Tier 4	
Water Usage Charge		**$ 1.25**	**$ 2.50**	**$ 3.75**	**$ 5.45**	
A. Residential Single Family; no meter multiplier						
	Base Rate Charge	Tier 1 Max Usage (Hcf)	Tier 2 Max Usage (Hcf)	Tier 3 Max Usage (Hcf)	Tier 4 Max Usage (Hcf)	**Capital Debt Reduction Charge (CDRC)**
Any meter size	$ 54.65	8	20	80	>80	$10.00
B. Residential Multiple Family – Multiple Unit Multiplier is 0.55 for every extra unit; no meter multiplier; charges for 2-4 units below.						
Any meter size	**Base Rate**	**Tier 1**	**Tier 2**	**Tier 3**	**Tier 4**	**CDRC**
2 units	$ 84.71	12.4	31	124	>124	$ 15.50
3 units	$ 114.77	16.8	42	168	>168	$ 21.00
4 units	$ 144.82	21.2	53	212	>212	$ 26.50
C. Commercial and Public – meter multiplier based on meter size; no multiple unit multiplier.						
Meter Size (in)	**Base Rate**	**Tier 1**	**Tier 2**	**Tier 3**	**Tier 4**	**CDRC**
0.625	$ 54.65	8	20	80	>80	$10.00
1	$ 136.60	20	50	200	>200	$ 25.00
1.5	$ 273.20	40	100	400	>400	$ 49.95
2	$ 437.10	64	160	640	>640	$ 79.95

USER CLASSIFICATIONS. For the purposes of assessing water charges provided for in this exhibit, user classifications shall be as follows:

1. Residential Single Family: Applicable to all accounts serving one detached dwelling unit.
2. Residential Multiple Family: Applicable to all accounts serving two or more living units, as defined by District Policy 3010.70.
3. Commercial and Public: Applicable, without regard to meter size, to all accounts serving mercantile buildings, motels and other short term lodging establishments, office buildings, institutional buildings, parks, schools, churches, and other commercial and public agency establishments.