

OPTION 1

**RESOLUTION NUMBER 1078**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE CARPINTERIA VALLEY WATER DISTRICT  
ADOPTING RATES AND CHARGES FOR WATER SERVICE**

**WHEREAS**, the Board of Directors (“Board”) of the Carpinteria Valley Water District (“District”) considered its estimated necessary costs for providing water service to its customers and the revenue sources available to cover those costs at a noticed public hearing on May 27, 2020; and

**WHEREAS**, data was made available to the public by the District and presented at that public hearing indicating the estimated necessary costs for providing water service and the available revenue sources; and

**WHEREAS**, the District provided written notice as required by law of that public hearing including notice of the projected changes and increases in District rates and charges and the availability of data supporting such increase; and

**WHEREAS**, the Board thoroughly considered the testimony and evidence received from its staff and the public in both oral and written form; and

**WHEREAS**, after due deliberation and consideration of all of the record before it, the Board found it necessary and in the best interest of the District and its customers to change and increase certain rates and charges for water service; and

**WHEREAS**, the Board found and determined that the rates and charges for water service as set forth by this Resolution do not exceed the estimated necessary cost of providing service for which the rates and charges are being made.

**NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED** by the Board of Directors of the Carpinteria Valley Water District as follows:

Rates shall be adjusted as described below however implementation of these changes shall not be implemented until Jan 1, 2021 or if the Board determines at a time beyond this date.

1. Type of Service: In establishing water rates and charges, account shall be taken of type of service, size of service and surcharge for pumping. For rate purposes, water service shall be divided into two types as follows:
  - a. Type 1 service shall apply to services supplied for municipal and industrial use. Type 1 service shall be further divided into subtypes as follows:
    - (i) “Domestic Residential Service A” shall apply to all services supplied exclusively for domestic residential use excluding multi-family (two or more) residential units served by a single District master meter.

- (ii) “Domestic Residential Service B” shall apply to all services supplied exclusively for domestic multi-family (two or more) residential use served by a single District master meter.
  - (iii) “Commercial Service A, Industrial and Public Authority Service” shall apply to services supplied in whole or in part for commercial, industrial or public authority use with the exception of Commercial Service B and C facilities identified below.
  - (iv) “Commercial Service B” shall apply to temporary and semi-permanent residential activities including but not limited to adult living facilities, assisted living facilities, bed and breakfast facilities, boarding and rooming houses, dormitories, extended care facilities, foster care facilities, guest ranches, group homes, hostels, hotels, motels, orphanages, residential care facilities, resort hotels, transitional care facilities.
  - (v) “Commercial Service C” shall apply to all commercial facilities that include individual residential dwelling units as defined by the District in its Rules and Regulations.
  - (vi) “Private Fire Service” shall apply to any water service entity designated as a closed water distribution system or network with the sole purpose or function of fire suppression.
  - (vii) “Temporary Meter” service shall apply to services to circuses, bazaars, fairs, temporary restaurants, construction works, or temporary emergency services for residents, etc., of a temporary nature.
- b. Type 2 service shall apply to all services qualifying as “Agriculture” services as defined below:
- (i) “Agriculture” service is defined as the use of water for agricultural purposes, delivered through a 1 ½” (or larger) meter to irrigate not less than 2 acres for commercial agricultural purposes; except that ¾”, 1”, and 1 ½” meter services, existing and serving 2 acres or more of commercial agriculture, shall be considered Agriculture services. Use of water in connection with the operations of a chicken ranch or for stock watering, or any other similar uses shall be considered an Agriculture use, if the service meets requirements respecting the size of the meter and the area served. All services that do not qualify as Agriculture service shall be considered Type 1 service.
  - (ii) If a service is located on less than 2 acres, a customer may request the District’s General Manager to review the location and size of service in order to determine if such service is “Municipal and Industrial” or “Agriculture”. The General Manager’s determination shall be final, unless an appeal by the customer within thirty (30) days of receipt of written notice

of such determination is made to the District’s Board, in which case the determination of the Board made at a public meeting with notice to the customer shall be final.

2. Rates and Charges for Water Service: Monthly Service Charges, Dwelling Unit Equivalency Charges and Residential Equivalency Charges, and Metered Water Rates are hereby established and will become effective as of the July 1<sup>st</sup>, 2020 billing period as follows:

- a. Drought Stage 2 Metered Water Rates (unit cost). With the exception of the conditions outlined in section (b) below, the District shall impose water rates for each unit of water used by a customer in accordance with the schedule set forth in Table 1 and with the procedures set out in subsections (i) through (vi) of this section (a).

**TABLE 1**

<b>2020-21 WATER RATES (unit cost)</b>			
HCF = 100 cubic feet = 748 gallons	Basic HCF	Pressure Zone I <sup>1</sup> HCF	Pressure Zone II <sup>2</sup> HCF
Residential Commercial, Industrial & Public Authority:			
Base Tier:	\$3.90	\$4.13	\$4.37
Peak Tier:	\$5.12	\$5.35	\$5.59
Agricultural:			
Tier 1:	\$1.97	\$2.20	\$2.44

<sup>1</sup> Pressure Zone I = Connections served by Gobernador Reservoir

<sup>2</sup> Pressure Zone II = Connections served by Shepard Mesa Tank

- (i) The amount billed for the actual amount of water used by an account will be billed in accordance with the rates set out in Table 1. For “Domestic Residential Service A” and “Commercial, Industrial and Public Authority Service A and B” accounts, water charges shall be determined by establishing a Base tier using the 5-year average water consumption for the months of December, January, February and March for each account. This consumption amount will establish the Base Tier amount charged at the rate specified in Table 1. All water consumed in excess of the Base tier shall be charged at the Peak tier rate. The minimum Base tier amount of water shall be 6 HCF per month per account.

For example, a commercial account with a 5-year December to March average water consumption of 54 HCF uses 124 HCF in July. The total water charge for this account for July water use would be:

Base:	54 HCF x	\$3.90 =	\$210.60
Peak:	<u>70 HCF</u> x	\$5.02 =	<u>\$358.40</u>
TOTAL	124 HCF		\$569.00

- (ii) For all “Domestic Residential Service B” accounts and the “Commercial Service C” accounts the 5-year December to March average shall be established based on the number of dwelling units or hotel/motel rooms served by a master meter. This is done to equitably distribute the costs of water in the same 2-tier structure for all customers. For example, if a master-meter account has 4 residential units and consumes an average of 24 HCF a month during the December to March period, the Base tier would be  $24 \text{ HCF} \div 4 \text{ residential units} = 6 \text{ HCF}$  per residential unit. The minimum Base amount of water per dwelling unit or room shall be 6 HCF per month.
- (iii) Misuse of private fire services – for direct potable consumption, for example - shall result in charges for water, service fees and / or discontinuance of service.
- (iv) For all “Temporary Meter” accounts, the rate for water consumption shall be the sum of the “Type 1” commercial rate (subject to pumping surcharges) and the Capital Improvement Program rate (see sections f and g below). For example, a temporary meter registers the equivalent of 40 HCF consumption for one month of use. The rate shall be  $40 \text{ HCF} \times \$3.90 + 40 \text{ HCF} \times \$3.20 + 40 \text{ HCF} \times \$0.50 = \$304.00$  or \$7.60 per HCF consumed. The General Manager shall retain the right to modify these charges.
- (v) New and existing accounts lacking sufficient water use history to establish Base tier volumes shall be reviewed by the District General Manager to determine an appropriate value.
- b. Residential Equivalency Charge (REQ). The District shall impose a REQ Charge on “Agriculture” accounts for each residential dwelling served by District water through the Agriculture account. The REQ shall be adjusted every year based on an average of the past five years of single family residential consumption. The REQ charge effective 2020/21 shall be \$17.37 per dwelling unit.
- c. Monthly Basic and State Water Project Service Charges and Temporary Drought Surcharge. The District shall impose a Monthly Service Charge in accordance with the schedule set forth in Table 2 for all Type 1 and Type 2 services regardless of the amount of water used by a customer during any given month or fraction thereof.

**TABLE 2**

<b>2020/21 MONTHLY BASIC AND STATE WATER PROJECT SERVICE CHARGES AND TEMPORARY DROUGHT SURCHARGE</b>				
<b>METER SIZE:</b>	<b>BASIC</b>	<b>SWP<sup>1</sup></b>	<b>DROUGHT</b>	<b>TOTAL</b>
3/4"	14.28	33.56	.54	\$48.38
1"	23.80	55.93	.90	\$80.63
1 1/2"	47.60	111.85	1.80	\$161.25
2"	76.16	178.96	2.88	\$258.00
3"	152.32	357.92	5.76	\$516.00
4"	238.00	559.25	9.00	\$806.25
6"	476.00	1,118.50	18.00	\$1,612.50

<sup>1</sup> SWP = State Water Project

- d. Monthly Capital Improvement Program Service Charge ("CIP Charge") and Temporary Drought Surcharge. The District shall impose a monthly CIP Charge in accordance with the schedule set forth in Table 3 and the procedures set out in subsections (i) through (iv) of this section (d).

**TABLE 3**

<b>2020/21 MONTHLY CAPITAL IMPROVEMENT PROGRAM SERVICE CHARGE AND TEMPORARY DROUGHT SURCHARGE</b>			
	<b>CIP</b>	<b>DROUGHT</b>	
Rate <sup>1</sup> :	\$3.20	\$0.50	per HCF
Minimum	\$19.20	\$3.00	6 HCF
Maximum	\$400.00	\$62.50	125 HCF

<sup>1</sup> Rate = Total CIP debt ÷ 5-year average annual M&I sales

- (i) The CIP Charge for all "Domestic Residential Service A" and "Commercial Service A and B, Industrial and Public Authority" accounts shall be based on the 5-year average monthly water consumption for each specific account. This volume shall be multiplied by an annually determined CIP rate. Beginning July 1<sup>st</sup>, 2020, this CIP rate shall be \$3.20 per hundred cubic feet ("HCF"). A minimum CIP charge based on 6 HCF per month and a maximum charge based upon 125 HCF per month shall be applied. The Temporary Drought charge shall be determined in the same manner as the CIP charge.
- (ii) "Domestic Residential Service B" accounts and "Commercial Service C" accounts shall be subject to a CIP Charge for each additional dwelling unit or hotel/motel room greater than one served by the master metered account. This charge shall be

the greater of the minimum monthly CIP charge of 6 HCF, or a value determined by dividing the 5-year average monthly water consumption for the entire account by the number of dwelling units or hotel/motel room served by the master meter. For example, if an account with 4 dwelling units has a 5-year monthly average water consumption of 20 HCF, the per-unit average would be 5 HCF. In this example, the minimum CIP charge of 6 HCF would be applied to the account to determine the CIP rate. The Temporary Drought charge shall be determined in the same manner as the CIP charge.

- (iii) Notwithstanding section a(iii) above, no CIP charge shall be levied against "Private Fire Service" accounts.
  - (iv) "Temporary Meter" accounts shall pay the CIP service charge based on monthly water consumption, subject to the minimum and maximum describe in section d(i) above. The Temporary Drought charge shall be determined in the same manner as the CIP charge.
  - (v) Type 2 "Agriculture" accounts with residential dwellings shall be subject to a CIP Charge based on the 5-year average monthly water consumption by "Domestic Residential Service A" accounts. Beginning July 1<sup>st</sup>, 2020, this value shall be 9 HCF per month times the CIP rate of \$3.20 + 9 HCF per month times the Drought Surcharge rate of \$0.50 = \$33.30 for each residential dwelling behind the meter. This amount shall be recalculated every July 1<sup>st</sup>.
  - (vi) New and existing accounts lacking sufficient water use history to establish a CIP Charge shall be reviewed by District staff to determine an appropriate rate. The proposed CIP Charge shall be the greater of the accumulated monthly average or an average rate derived for similar accounts based on customer class.
- e. Dwelling Unit Equivalency Charge (DEQ). The District shall impose a DEQ Charge on all "Domestic Residential Service B" customers as follows:
- (i) The DEQ Charge is an amount shown on the bill sent to "Domestic Residential Service B" and "Commercial Service C" accounts that is necessary to make the total State Water Project component of the Monthly Service Charge, when divided by the number of dwelling units, equivalent to the \$33.56 State Water Project component of the Monthly Service Charge applied to all "Domestic Residential Service A" accounts with a  $\frac{3}{4}$ " meter.
  - (ii) The DEQ is the difference between the State Water Project (SWP) component of the Monthly Service Charge that a "Domestic Residential Service A" account holder with a  $\frac{3}{4}$ " meter would pay and the SWP component charges associated

with a given “Domestic Residential Service B” (master meter) account divided by the number of residential accounts.

For example, if a “Domestic Residential Service B” or “Commercial Service C” account with 4 residential dwellings has a 1 ½” water meter, the SWP charge (\$111.85) would be allocated equally between the four dwelling units, or \$27.96 per dwelling unit. The DEQ for each dwelling unit would then be the difference between this amount and the SWP component charge for the ¾” meter account: \$33.56 - \$27.96 = \$5.60.

In this example, the DEQ portion of the monthly bill from the District will display the total DEQ charges for all residential units (\$5.60 x 4 residential units) or \$22.40.

The combined State Water Project/DEQ will then appear on the Monthly Service Charge portion of the bill for this account as follows:

Basic:	\$47.60	
SWP/DEQ:	\$134.25	
CIP:	\$76.80	(\$19.20 x 4 dwelling units)
Drought Meter:	<u>\$0.90</u>	
 Total:	 \$ 259.55	 (\$64.89 x 4 dwelling units)

- f. The Temporary Drought Surcharge. The District shall impose the Temporary Drought Surcharge to all “Domestic Residential Service B” accounts in a manner identical to the DEQ charge outline in section (e) above. This surcharge may be rescinded by the Board at any time without changes to other parts of this resolution.
- g. The Agricultural Operation and Maintenance (Ag O&M) charge. The District shall impose a monthly service charge for agricultural accounts in accordance with the schedule in Table 4. This charge funds certain District operations and maintenance costs that are collected by other customer classes through the Capital Improvement Program charge.

**TABLE 4**

2020/21 Monthly AG O&M Charge	
Meter Size:	
3/4"	\$6.78
1"	\$11.30
1 1/2"	\$22.60
2"	\$36.16
3"	\$72.32
4"	\$113.00
6"	\$226.00

- h. Monthly Service Charges for Private Fire Service Accounts. The District shall impose a monthly service charge for fire accounts in accordance with the schedule in Table 5. The Temporary Drought

Surcharge may be rescinded by the Board at any time without changes to other parts of this resolution.

**TABLE 5**

<b>2020/21 MONTHLY BASIC AND STATE WATER PROJECT SERVICE CHARGES AND TEMPORARY DROUGHT SURCHARGE FOR FIRE SERVICE ACCOUNTS</b>				
<b>METER SIZE:</b>	<b>BASIC</b>	<b>SWP<sup>1</sup></b>	<b>DROUGHT</b>	<b>TOTAL</b>
2"	9.52	22.37	0.36	\$32.25
3"	21.42	50.33	0.81	\$72.56
4"	38.08	89.48	1.44	\$129.00
6"	85.68	201.33	3.24	\$290.25
8"	152.32	357.92	5.76	\$516.00
10"	238.00	559.25	9.00	\$806.25

<sup>1</sup> SWP = State Water Project



- i. Payment of the Monthly Charges. Payment of the monthly Basic, SW and CIP charges and temporary Drought surcharges does not entitle the customer to any quantity of water. All water used by a customer will be supplied to a customer at the rate set forth in sections “a” or “b” above.
3. Appeals of Base tier and CIP calculations. In the event that a customer or account holder disagrees with the District derived values for the Base tier or Tier 1 (section 2a) and CIP (section 2d) amounts of water, said customer may petition the General Manager to solely at his discretion assign a different methodology for calculation of the Base tier and/or CIP amounts of water. Any customer appealing District derived values shall have a sufficient water use history of 6 to 8 months, including values for the December through March period.
4. Compliance with Article XIII D of the California Constitution. The Governing Board has determined that the imposition of the District’s rates and charges for water service complies with the requirements of Article XIII D section 6 (b) of the California Constitution. Furthermore, and in accordance with the requirements of Section 6 (a) and with District Resolution No. 919, the District (i) provided 45 days prior written notice of the public hearing at which the Board considered the proposed changes and increases in the District’s rates and charges for water service; (ii) considered all written protests presented to the District Board at or prior to the close of the public hearing; and (iii) following the conclusion of the public hearing, the District’s General Manager counted the total number of written protest received by the District and informed the District Board that no majority protest existed.
5. Procedural Exemption for Water Rates and Charges: Pursuant to Section 66018 (d) of the Government Code, the rates and charges for water service as established in this Resolution are exempt from the notice and public hearing requirements of Section 66018 of the Government Code. It is further found and determined that these rates and charges are not the type of fees and charges as set forth in Section 66016 (d) of the Government Code and therefore are not subject to the procedural requirements of Section 66016 of the Government Code.
6. Effective Date of Resolution: This Resolution shall be in full force and effect upon adoption and shall remain in effect until changed by the District Board.
7. Amendment to the District’s Rules and Regulations; Conflicts; Validity: The terms and provisions of this Resolution shall become a part of the District Rules and Regulations. To the extent that the terms and provisions of this Resolution are inconsistent or in conflict with the terms and provisions of any prior District ordinance, resolution, or rule and regulations, the terms of this Resolution shall prevail, and inconsistent and conflicting provisions of prior ordinances, resolutions and rules and regulations shall be suspended during the effective period of this Resolution. If any section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of this Resolution. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsection, sentence, clauses or phrases by unconstitutional or invalid.

- 8. Exception from the Requirements of CEQA: Section 21080 (b) (8) of the Public Resources Code is contained in and is a part of the California Environmental Quality Act (CEQA). Section 21080 (b) (8) of said Act provides that CEQA does not apply to the establishment, modification, structuring, restructuring or approval of rates, tolls, fares or other charges by a public agency which are for the purpose of (1) meeting operating expense, including employee wage rates and fringe benefits, (2) purchasing or leasing supplies, equipment or materials, (3) meeting financial reserve needs or requirements, or (4) obtaining funds for capital projects necessary to maintain service within existing service areas.

It is hereby found and determined that none of the rates and charges fixed and established by this Resolution are for any purposes other than the purposes set forth in Section 21080 (b) (8) and are therefore, pursuant to said Section, exempt from the requirements of CEQA. This Resolution constitutes the written findings of the record of the proceedings claiming the aforesaid exemption. The District Secretary is hereby authorized and directed to prepare and file a Notice of Exemption based upon Public Resources Code section 21080 (b) (8).

**PASSED AND ADOPTED** by the Governing Board of the Carpinteria Valley Water District on the 10<sup>th</sup> day of June, 2020, by the following roll call vote:

AYES: Holcombe, Van Wingerden and Roberts  
 NAYES: Johnson and Capozza  
 ABSENT: None  
 ABSTAIN: None

APPROVED:  
DocuSigned by:

*Matthew T. Roberts*  
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 Matthew Roberts, President

ATTEST:

DocuSigned by:  
*Ursula Santana*  
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 Ursula Santana, Secretary