

RESOLUTION 2026-18

AMENDING DISTRICT RATE AND FEE SCHEDULE AND DETERMINING THE AMENDMENTS ARE EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

PURISSIMA HILLS WATER DISTRICT

WHEREAS, the Purissima Hills Water District's (District) Rate and Fee Schedule establishes the fees and charges for water and a variety of services provided by the District; and

WHEREAS, the District desires to increase certain rates and charges to be collected by the District for the purpose of funding its expenses, debts, and expenditures as they become due, and to fund high-priority capital improvements within the District's water system; and

WHEREAS, California Water Code Section 31007 authorizes the District to establish rates and charges to yield revenues sufficient to pay operating expenses, to provide for repair, maintenance, and depreciation of infrastructure owned and operated by the District, and to provide funds to pay principal and interest on bonded debt; and

WHEREAS, the District has evaluated its monthly Minimum Charges (Readiness to Serve—RTS), and Consumption Charges, created monthly Cross-Connection Charges for customers with backflow assemblies, and developed Water Shortage Rates for implementation during declared water shortages, all of which cover the District's costs of providing services, including all expenses for operations and maintenance of the water system, purchasing wholesale water from the San Francisco Public Utilities Commission (SFPUC), and the necessity to continue its replacement of aging pipelines and water system infrastructure, and maintaining adequate reserves; and

WHEREAS, the District's financial rate consultant, Water Resources Economics, prepared a Water Rate Study based on cost of service that analyzed the District's revenue requirements, provided recommendations for adjustments to the District water rates and charges, and established a rationale for the increases to support the District's operating and capital needs for the next five (5) fiscal years, and confirms compliance with the requirements of Article 13(D), Section 6 of the California Constitution (hereafter Proposition 218); and

WHEREAS, the Water Rate Study recommends increasing the revenue from water rates by approximately 10% per year for each of the next five (5) fiscal years, creating cross-connection charges for customers with backflow assemblies, and adjusting the District's RTS charges, consumption charges, including realignment of the residential tiers, SFPUC wholesale pass-through rates, and water shortage rates; and

WHEREAS, pursuant to California Government Code Section 53756, beginning with FY 2027/2028 the District will pass through the SFPUC wholesale rate increase and each year thereafter through FY 2030/2031 to its customers and add it to the monthly consumption charges; and

WHEREAS, during the development of the Water Rate Study, several study sessions were conducted with the Board of Directors, during regular meetings that were open to the public:

- October 8, 2025 – Preliminary financial plan scenarios
- November 12, 2025 – Updated financial plan scenarios and preliminary rate scenarios
- February 11, 2026 – Updated financial plan scenarios, preliminary capacity fees and water shortage rates
- March 11, 2026 – Updated rate scenarios and customer impacts
- March 25, 2026 – Updated capacity fees and water shortage rates
- April 8, 2026 – Final water rates, water shortage rates, and capacity fees; receive draft rate study report and approve notice

WHEREAS, at its regular Board Meeting on April 8, 2026, which was open to the public for comment, the Board of Directors evaluated the proposed water rates and charges, including two different rate structure options, and the Water Rate Study has been available to the public since that date; and

WHEREAS, on April 8, 2026, the Board of Directors confirmed the scheduling of a public hearing for August 12, 2026, at 6:00PM, reviewed and provided input to the DRAFT Proposition 218 notice, and authorized staff to provide the requisite notice to customer account holders; and

WHEREAS, the District finalized its Proposition 218 notice setting procedures for updating water rates in accordance with Government Code Section 53759.1, including the proposed amounts, basis for calculation, reasons for the increased water rates and charges, identification of the proposed tier realignment structure, SFPUC wholesale water rate pass-through mechanism, and identified the date, time, and location for the public hearing on the proposed increased rates and charges and the procedures for submitting a written protest or objection; and

WHEREAS, the Proposition 218 notice to property owners and customers responsible for paying the water in the District was mailed on June 12, 2026, at least 45 days before the date of the public hearing (August 12, 2026) and 45 days before the deadline for written objections (July 27, 2026) pursuant to Government Code Section 53759.1; and

WHEREAS, the District posted notice of the August 12, 2026, public hearing at the PHWD for public viewing and on the website; and

WHEREAS, one written objection was received by the District on July 6, 2026, and staff provided a written response on August 7, 2026, prior to the public hearing; and

WHEREAS, the adjustments to the District's water rates and charges set forth in this resolution are subject to the 120 days' statute of limitations in accordance with California Government Code Section 53759.1(b); and

WHEREAS, any judicial action or legal proceeding alleging that the adjustments to the District's water rates and charges set forth in this resolution do not comply with the California Constitution or Proposition 218 are subject to the requirements of Government Code Section 53759.1; and

WHEREAS, the District held its public hearing at the August 12, 2026, regular Board meeting and accepted all comments, objections, and written protests before and at the public hearing, and up through the conclusion of the public hearing; and

WHEREAS, the Board considered all comments, protests, and written objections received; and

WHEREAS, the Board finds that the amendments to the District's Rate and Fee Schedule do not exceed the amount of the estimated costs required to provide the services for which the rates are levied and that the rate structure is aligned under the proportional costs of providing the services within each tier; and

WHEREAS, the Board finds that the amendments to the District's Rate and Fee Schedule are reasonable and required for the proper operation of the District, and are exempt from the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 21080(b)(8) of the Public Resources Code because they are for the purposes of:

1. Meeting operating expenses;
2. Purchasing or leasing supplies;
3. Meeting financial reserve requirements; and
4. Obtaining funds for capital projects necessary to maintain services within the existing service area;

and that the analysis in this resolution and the documents incorporated into this resolution justify that the modifications to the District's rates and charges are for the purposes set forth in Section 21080(b)(8); and

WHEREAS, the Water Rate Study prepared by the financial rate consultant, Water Resources Economics, including the cost-of-service analysis, is hereby incorporated into this resolution; and

WHEREAS, the Consumption Charges and Monthly Minimum Charges (RTS) for Fiscal Year 2025/2026 will be effective October 1, 2026, and each fiscal year thereafter the rates will be effective July 1; and

WHEREAS, the Cross-Connection Charges for Fiscal Year 2025/2026 will be effective January 1, 2027, and each fiscal year thereafter the charges will be effective July 1.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors for the Purissima Hills Water District amends the District's Rate and Fee Schedule as follows:

- A. Residential and Institutional Water Consumption Charges. For all residential and institutional customers, water consumption rates are billed monthly per hundred cubic feet (ccf), with one (1) ccf equal to approximately 748 gallons.

Consumption Charges (\$/ccf)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Combined Consumption Charge					
Residential					
Tier 1 (0-11 ccf)	\$7.40	\$8.14	\$8.95	\$9.85	\$10.84
Tier 2 (12-40 ccf)	\$15.29	\$16.86	\$18.59	\$20.50	\$22.61
Tier 3 (41+ ccf)	\$22.17	\$24.46	\$26.99	\$29.78	\$32.87
Institutional	\$16.23	\$17.89	\$19.73	\$21.76	\$24.00

- B. Monthly Readiness to Serve Charges. The fixed monthly charges, billed based on customer meter sizes, will be as follows.

Monthly Minimum Charge	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Meter Size					
3/4"	\$49.32	\$54.50	\$60.23	\$66.56	\$73.55
1"	\$63.29	\$69.94	\$77.29	\$85.41	\$94.38
1.5"	\$98.22	\$108.54	\$119.94	\$132.54	\$146.46
2"	\$140.12	\$154.84	\$171.10	\$189.07	\$208.93
3"	\$272.83	\$301.48	\$333.14	\$368.12	\$406.78
4"	\$468.40	\$517.59	\$571.94	\$632.00	\$698.36
6"	\$936.37	\$1,034.69	\$1,143.34	\$1,263.40	\$1,396.06
8"	\$1,984.08	\$2,192.41	\$2,422.62	\$2,677.00	\$2,958.09

- C. Cross-Connection Charges. Monthly charges to fund the operational and cross-connection control plan and program costs associated with customers that have backflow prevention devices on their property will be as follows.

Monthly Cross Connection Charges	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Backflow Device Size					
3/4"	\$25.74	\$28.45	\$31.44	\$34.75	\$38.40
1"	\$26.03	\$28.77	\$31.80	\$35.14	\$38.83
1.5"	\$26.95	\$29.78	\$32.91	\$36.37	\$40.19
2"	\$27.54	\$30.44	\$33.64	\$37.18	\$41.09
3"	\$53.05	\$58.63	\$64.79	\$71.60	\$79.12
4"	\$54.89	\$60.66	\$67.03	\$74.07	\$81.85
6"	\$82.02	\$90.64	\$100.16	\$110.68	\$122.31
8"	\$87.66	\$96.87	\$107.05	\$118.30	\$130.73
10"	\$90.54	\$100.05	\$110.56	\$122.17	\$135.00

- D. Water Shortage Rates. After the Board declares a water shortage emergency, and to recover its costs of service and remain financially stable during periods of drought and reduced water sales, without generating a surplus, the District may implement temporary water shortage rates that correspond to water shortage and the resulting decrease in revenue from water sales. Such emergency shortages can include droughts or prolonged outages within the SFPUC's regional water system. During a water shortage, the District will implement a range

Water Shortage Rates (\$/ccf)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Stage 1					
Residential					
Tier 1 (0-11 ccf)	\$8.32	\$9.16	\$10.08	\$11.10	\$12.23
Tier 2 (12-40 ccf)	\$17.19	\$18.96	\$20.92	\$23.08	\$25.47
Tier 3 (41+ ccf)	\$24.93	\$27.51	\$30.37	\$33.52	\$37.01
Institutional	\$18.25	\$20.13	\$22.21	\$24.51	\$27.04
Stage 2					
Residential					
Tier 1 (0-11 ccf)	\$9.63	\$10.61	\$11.68	\$12.87	\$14.18
Tier 2 (12-40 ccf)	\$19.89	\$21.95	\$24.22	\$26.73	\$29.50
Tier 3 (41+ ccf)	\$28.84	\$31.84	\$35.15	\$38.80	\$42.84
Institutional	\$21.11	\$23.29	\$25.70	\$28.36	\$31.30
Stage 3					
Residential					
Tier 1 (0-11 ccf)	\$11.52	\$12.70	\$13.99	\$15.42	\$17.00
Tier 2 (12-40 ccf)	\$23.80	\$26.27	\$28.99	\$32.00	\$35.32
Tier 3 (41+ ccf)	\$34.51	\$38.10	\$42.07	\$46.45	\$51.30
Institutional	\$25.27	\$27.88	\$30.77	\$33.96	\$37.49
Stage 4					
Residential					
Tier 1 (0-11 ccf)	\$13.45	\$14.83	\$16.35	\$18.03	\$19.88
Tier 2 (12-40 ccf)	\$27.79	\$30.68	\$33.87	\$37.39	\$41.28
Tier 3 (41+ ccf)	\$40.30	\$44.50	\$49.14	\$54.26	\$59.93
Institutional	\$29.50	\$32.56	\$35.95	\$39.69	\$43.82
Stage 5					
Residential					
Tier 1 (0-11 ccf)	\$16.52	\$18.22	\$20.09	\$22.16	\$24.45
Tier 2 (12-40 ccf)	\$34.12	\$37.67	\$41.59	\$45.92	\$50.70
Tier 3 (41+ ccf)	\$49.47	\$54.63	\$60.33	\$66.63	\$73.59
Institutional	\$36.22	\$39.98	\$44.14	\$48.74	\$53.82
Stage 6					
Residential					
Tier 1 (0-11 ccf)	\$22.12	\$24.41	\$26.93	\$29.72	\$32.80
Tier 2 (12-40 ccf)	\$45.69	\$50.46	\$55.72	\$61.53	\$67.95
Tier 3 (41+ ccf)	\$66.25	\$73.17	\$80.82	\$89.27	\$98.61
Institutional	\$48.50	\$53.55	\$59.14	\$65.31	\$72.13

of actions to encourage reduction in customer use and help ensure the demand for water does not exceed supply.

- E. SFPUC Wholesale Pass-Through Adjustments. The Board will consider the authorization of any pass-through of SFPUC wholesale rate increases or decreases to the District's consumption charges in cents per unit (ccf), after which the District will provide customers with written notice of the pass-through rate increase or decrease at least thirty (30) days before the effective date of the adjustment.
- F. District Rate and Fee Schedule. The Board directs the General Manager to update the District's Rate and Fee Schedule and post it on the District's website, consistent with the rates and fees established in this resolution.
- G. Effective Date. The foregoing amendments to the District's Rate and Fee Schedule are effective upon enactment of this resolution for usage commencing October 1, 2026, for monthly RTS and consumption charges, and effective January 1, 2027, for cross-connection charges for customers with backflow devices.
- H. Notice of Exemption. The General Manager is authorized to file a Notice of Exemption with the Santa Clara County Clerk's Office.

REGULARLY PASSED AND ADOPTED on this 12th day of August 2026, by the following votes:

AYES: Directors Holtz, Jordan, Stone, Ranganathan, and Glassman.

NOES:

ABSTENTIONS:

ABSENCES:

DocuSigned by:

Brian Holtz

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Board President
Purissima Hills Water District

ATTEST:


District Secretary