

RESOLUTION NO. 2022-02

**AMENDING RATE AND FEE SCHEDULE
TO ADJUST RATES FOR ALL CUSTOMERS**

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 to be collected by the District for the purpose of meeting expenses, debts, and expenditures as they become due; and

WHEREAS, California Water Code Section 31007 authorizes the District to establish rates and charges to yield an amount sufficient to pay operating expenses, to provide for repairs and depreciation of works owned and operated by the District, to pay interest on bonded debt, and to provide a fund to pay principal on bonded debt; and

WHEREAS, the District has evaluated its water rates in light of the District's reliance on the San Francisco Public Utilities Commission (SFPUC) for its water supply, the need to explore additional water supplies, and the necessity to replace aging pipelines and infrastructure; and

WHEREAS, the District last increased its water rates in 2018; and

WHEREAS, the District has determined that its water rates must be increased in order fund high-priority capital improvements to the District's water system, to improve its water supply, and to keep rates aligned with the cost of providing service; and

WHEREAS, on January 12, 2022, the District's Board of Directors (Board) held a Board meeting which was agendized and open to the public, to evaluate the proposed modifications on the District's Rate and Fee Schedule and to hear comments from the public, and at which the Board set a public hearing to consider the proposed modified Rate and Fee Schedule for March 9, 2022; and

WHEREAS, the District's financial rate consultant, HF&H Consultants, LLC, prepared a Water Rate Study, which includes financial and rate recommendations to support the District's operating and capital funding needs for the next five years, keeps the rates aligned with the cost of providing service, and confirms compliance with the requirements of Article 13D Section 6 of the California Constitution (hereafter "Proposition 218"); and

WHEREAS, the Water Rate Study recommends increasing the revenue from water rates by approximately 9% per year for each of the next five years, and adjusting the readiness-to-serve charge, consumption charge rate structure, water shortage rates, and pass-through rates; and

WHEREAS, pursuant to the requirements of Proposition 218, the District mailed a written notice with the date, time, and location for the public hearing regarding the proposed rate increase to all property owners and customers of the District at least 45 days prior to the public hearing, and also provided information regarding the procedures for submitting a written protest; and

WHEREAS, the District held the public hearing at the March 9, 2022, Board meeting and accepted comments and protests before and at the public hearing, and up through the conclusion of the public hearing; and

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

WHEREAS, the Board finds that the amendments to the 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 do not exceed the proportional cost of service to each parcel; and

WHEREAS, the Board further finds that the amendments to the 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, 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 existing service areas; and

WHEREAS, the Rate Study prepared by the financial rate consultant, including the cost of service analysis, is hereby incorporated into this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Purissima Hills Water District as follows:

A. Residential and Institutional Water Consumption Charges. For all residential and institutional customers, the amount of the water consumption charge rates will be as follows (water consumption charge rates are billed per hundred cubic feet (ccf), with 1 ccf equal to approximately 748 gallons, which is a cube of water 4.6 feet on edge):

FY 2021-22		FY 2021-22		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Monthly Use	Current Rates	Monthly Use	4/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026
Residential							
1-10 ccf	\$5.64	1 - 10 ccf	\$5.70	\$6.21	\$6.77	\$7.38	\$8.04
11-30 ccf	\$7.33	11 - 29 ccf	\$7.67	\$8.36	\$9.11	\$9.94	\$10.83
31-60 ccf	\$9.52	30 - 58 ccf	\$10.89	\$11.87	\$12.94	\$14.11	\$15.38
61-100 ccf	\$11.69	59+ ccf	\$14.14	\$15.42	\$16.80	\$18.32	\$19.97
100+ ccf	\$13.86						
Institutional							
All Use	\$8.50	All Use	\$12.63	\$13.76	\$15.00	\$16.35	\$17.82

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

FY 2021-22		FY 2021-22		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Meter Size	Current	4/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	
3/4"	\$22.55	\$32.18	\$35.08	\$38.23	\$41.67	\$45.42	
1"	\$36.80	\$41.98	\$45.76	\$49.88	\$54.37	\$59.26	
1.5"	\$51.00	\$66.50	\$72.48	\$79.00	\$86.11	\$93.86	
2"	\$73.50	\$95.91	\$104.54	\$113.95	\$124.20	\$135.38	
3"	\$90.80	\$164.54	\$179.35	\$195.49	\$213.09	\$232.26	
4"	\$168.00	\$262.59	\$286.22	\$311.98	\$340.06	\$370.66	

C. Water Shortage Rate Adjustments. To recover its costs of service and remain financially stable during periods of drought and reduced water sales, the District may implement temporary water shortage rate adjustments that correspond to water shortage and the resultant decrease in revenue from water sales. The Water Shortage Rate Adjustment would increase the water consumption charges during a declared water shortage emergency to cover fixed costs without generating a surplus. Such emergency shortages can include droughts or prolonged outages in the SFPUC's facilities. During a water shortage, the District will implement a range of actions to reduce water use and help ensure that demand for water does not exceed supply. In the more severe stages of shortage or when the SFPUC implements its regional water supply reductions during droughts, the District's Board of Directors shall declare a water shortage emergency. Upon the declaration of a water shortage emergency, the District will have discretion to require mandatory water reductions and implement the Water Shortage Rate Adjustments to increase the existing rates to recoup lost revenue from reduced consumption. These adjustments would be temporary and would return to the regular schedule when the District's Board

determines that the water shortage emergency is over. At least 30 days prior to making the adjustment, the District will send written notification to all customers. In the Water Rate Study, the District's financial rate consultant derived a formula to determine the water shortage rate adjustment. The formula is intended to increase revenue for the District on an automatic and predetermined basis in order to stabilize revenue during shortages. The formula for water shortage adjustment factor is set forth below:

$$\text{Water Shortage Rate Adjustment Factor} = \frac{\text{Conservation Component}}{1-a} * \frac{\text{Variable Cost Component}}{b} = \frac{1}{1-a} * \frac{b - (c * a)}{b}$$

Where: a = Required conservation reduction.
b = Portion of total rate revenue produced by proposed consumption charges.
c = Portion of total expenses that is variable (i.e., SFPUC water purchases).

D. Pass-Through Rate Increases or Decreases. Pursuant to Government Code section 53756, the District will consider implementing annual water consumption charge rate adjustments for the next five years by passing through any difference between the estimated SFPUC wholesale rate used to derive the District's water consumption charge rates and the SFPUC's adopted wholesale rate, based on the following methodology:

1. Wholesale Water Rate Increase. The District will add or subtract the annual difference between the estimated and adopted SFPUC wholesale rates to the District's water consumption charge rates in cents per unit (100 cubic feet).

2. Notice. The District will conduct a vote of the Board to authorize any pass through of SFPUC wholesale rate increases or decreases, after which the District will provide customers with written notice of any pass-through rate increase at least 30 days before the effective date of the adjustment.

E. Rates and Fees Schedule. The Board directs the General Manager to update the Rates and Fees Schedule and post it on the District's website, consistent with the rates and fees established in this Resolution.

F. Effective Date. The foregoing amendments to the Rate and Fee Schedule are effective upon enactment of this Resolution and shall be reflected in bills issued to District customers after March 9, 2022.

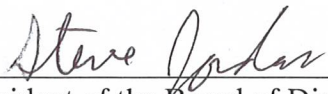
G. Notice of Exemption. The General Manager is authorized to file a Notice of Exemption with the Santa Clara County Clerk's Office.

Passed and adopted this 9th day of March, 2022, by the following vote:

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

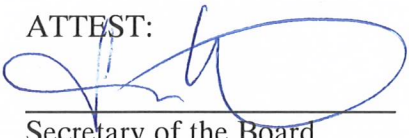
NOES:

ABSENT:



President of the Board of Directors
Purissima Hills Water District

ATTEST:



Secretary of the Board