

RESOLUTION NO. 2047

**RESOLUTION OF THE BOARD OF DIRECTORS
OF MONTECITO WATER DISTRICT
ADOPTING WATER RATES AND SERVICE CHARGES**

WHEREAS District Ordinance No. 82, adopted July 20, 1999, established water user classifications and provided among other things that the Governing Board of the District may establish from time to time, by resolution, certain fees, rates and charges for its customers as well as certain fees and deposits for use of public fire hydrants and standby charges for private fire lines; and

WHEREAS on February 20, 2007, the District Board approved Resolution No. 2024, which established such rates, fees and charges and repealed and superseded Resolution 2004 dated December 14, 2005 except as to the Commercial Rate as previously defined; and

WHEREAS Ordinance No. 90, adopted by the District on August 20, 2008, re-defines certain classifications for water users in the District and repeals such classifications as stated in Ordinance No. 82, such that certain rates established in Resolution 2024 no longer can be applied; and

WHEREAS, in recognition of the continuing water shortage condition declared by the District in 1973 and the drought of 1987-1991, Montecito Water District property owners voted on June 4, 1991 to join the State Water Project and participate in building the capital infrastructure necessary for the delivery to the District of up to 3,300 acre feet of State Water entitlement, including a 300 acre foot drought buffer with District taking first deliveries of State Water in January 1999; and

WHEREAS, until 2006, the District's Jameson Lake, along with Lake Cachuma, groundwater and the District's state water entitlement (collectively the District's historically utilized sources) were sufficient to meet District customer demand levels without further supplemental supplies; and

WHEREAS, in part because of unusual climate conditions in 2006 and 2007, the District began to experience a substantial increase in water usage and a decrease in the availability of its state water entitlement, which resulted in an imbalance between customer demand and the District's historically utilized water supplies; and

WHEREAS, in 2007, the total demand for water within the District exceeded the available supply and had to be met by purchase of supplemental water delivered through the State Water Project system, and

WHEREAS, with the unanticipated increase in customer water usage beginning in 2006, a 35% Table A State Water allocation from the Department of Water Resources for 2008, and an estimated 10% allocation of 2009 Table A State Water, MWD will need to rely increasingly upon supplemental sources of supply to meet customer demand in calendar year 2008 and beyond; and

WHEREAS the District responded to that supply/demand imbalance by adopting Ordinance 89 on April 15, 2008, which limits water distribution in the event of new land division or changes of land use requiring county permits; and

WHEREAS, based upon past experience with periods of drought and the recent increases in customer water usage, the District also has determined that rate adjustments that encourage conservation are needed to reduce existing customer water usage to a sustainable level; and

WHEREAS the District's experience during the 1987-1991 drought showed that with the adoption of a tiered water rate structure and higher rate adjustments, customer water usage was reduced District wide; and

WHEREAS, based on studies prepared for the District by Kennedy Jenks Consultants, including the August 2004 *Customer Classification and Water Rate Study* and the October 2005 *Final Revenue Plan and Cost of Service Study*, the District expects that the tiered water rate structure here proposed will result in at least a 10% reduction in demand; and

WHEREAS, even with such conservation rate-based reductions in water usage, the District anticipates that additional supplemental water may be required in certain years to maintain its water supply/demand balance which, because of the State Water Project, the District can now receive; and

WHEREAS, since adopting Ordinance No. 89, the District has contracted for and is receiving an additional 1400 acre feet of supplemental water supply from the California Department of Water Resources Dry Year Water Purchase Program, which is sufficient to meet the immediate demand in 2008 and into 2009; and

WHEREAS the District intends to continue to develop additional sources of supplemental supply on an as-needed basis, including but not limited to the California Department of Water Resources Dry Year Water Purchase Program or similar programs administered through the Central Coast Water Authority, and intends to consider recommendations for avoiding future shortages provided by Steven Bachman, PhD in a 2005 report to the District entitled "Water Supply Optimization Plan," including optimizing ground water utilization, conjunctive management and increased conservation; and

WHEREAS, because the District recognizes that its historical sources of water were sufficient to meet its customers' historical usage patterns and levels, it intends that customers whose usage exceeds the lowest block rate or base allotment should pay more in the higher tiers to provide funds to pay for the supplemental sources of supply required to meet their greater demand; and

WHEREAS the District now finds it necessary to adopt new rates to serve these purposes, consistent with the classifications established in Ordinance No. 90 and pursuant to its authority under Ordinance No. 82 to adopt new fees, rates, and charges by resolution of the Governing Board of the District;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE MONTECITO WATER DISTRICT AS FOLLOWS:

Section 1: Repeal.

The provisions of Resolution No. 2024 are hereby repealed in their entirety and shall have no further force or effect as of the effective date of this Resolution.

Section 2: New Rates, Fees, and Charges.

District water rates, meter charges, and fees and charges associated with use of public hydrants and private fire line service are hereby established as follow. All terms used herein are as defined and described in District Ordinance No. 90.

2.1. Water Rates: The base water rates and rate structures for the classes of use will be:

Single Family Residential Rate Structure: Monthly		
Block	Quantity	Rate
1	0-25 HCF	\$3.90
2	26-60 HCF	\$4.15
3	61 – 120 HCF	\$4.90
4	121 and >	\$5.90

Multi-Family Rate Structure: Monthly	
Quantity	Rate
0-9 HCF/Dwelling Unit (DU)	\$3.90
10-30 HCF/DU	\$4.15
31 and >/DU	\$4.90

Commercial Rate Structure: Monthly	
Quantity	Rate
3 YR AVG Month Base Allotment	\$4.25
> Base Allotment	\$5.90

Agriculture Rate Structure		
Block	Quantity	Rate
Domestic	0-20 HCF / DU/ Month	\$3.90
Agricultural 1	≤ 870 HCF / Acre/ Year	\$1.76
Agricultural 2	> 870 HCF / Acre / Year	\$3.90

Note: The District will provide an allocation of 870 HCF per year for each acre that is planted and harvested in accordance with the Agricultural Use definition provided in District Ordinance No. 90. Water used in excess of that calculated allocation will be delivered at the Block 2 rate.

Institutional and Public Use Rate Structure: Monthly	
Quantity	Rate
3 YR AVG Month Base Allotment	\$3.90
> Base Allotment	\$4.25

Non Potable Rate	
Flat Rate	\$1.76/HCF

The Non-Potable rate is for untreated well or surface water that does not meet the State Department of Health Services drinking water quality standards. The District has very limited non-potable water sources available.

2.2. Meter Service Charge. The monthly service charge for each meter size will be:

Monthly Meter Service Charge	
Meter Size	Proposed Charge
5/8" – 3/4"	\$ 30.95
1"	\$ 51.60
1 1/2"	\$ 92.86
2"	\$ 165.08
3"	\$ 371.43
4"	\$ 619.05
6"	\$1,031.75

2.3. Fire Standby Service Charge. The monthly service charge associated with fire standby service will be:

Monthly Fire Standby Service Charge	
Meter Size	Proposed Charge
1"	\$37.50
1 1/2"	\$37.50
2"	\$37.50
3"	\$37.50
4"	\$49.28
6"	\$61.68
8"	\$84.93

2.4. Temporary Fire Hydrant Connection Charge. The monthly charge associated with temporary fire hydrant connections shall be:

Monthly Temporary Fire Hydrant Connection Charge	
Flat Rate	\$96.45
Cost of Water (HCF)	\$ 4.25

Section 3: Reservation of Powers.

Nothing in this Resolution shall prevent the District from exercising any of its powers under the California Water Code, nor shall it be construed as constraining any of the District's powers under the California Water Code, including but not limited to its power to declare a water shortage emergency or a threat of water shortage and to adopt ordinances, resolutions, rules or regulations in response thereto.

Section 4: Exemption from California Environmental Quality Act.

The District has considered the potential environmental impacts of this Resolution and has determined that the approval of this Resolution is an exempt action under the California Environmental Quality Act ("CEQA"), California Public Resources Code section 21080(b)(8), and 14 CCR § 15273, which provide that an action is exempt if it is for the purpose of the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares or other charges by public agencies which the agency finds are for the purpose of meeting operating expenses, purchasing or leasing supplies, equipment, or materials, meeting financial reserve needs and requirements, or obtaining funds for capital projects necessary to maintain service within existing service areas. The Board has determined and hereby finds that the rates and charges fixed and established by this Resolution are consistent with purposes set forth in Section 21080(b)(8) and 14 CCR § 15273 and therefore are exempt from the requirements of CEQA. This Resolution constitutes the written findings of the record of the proceedings claiming this exemption. Following adoption of this Ordinance by the District Board of Directors, the General Manager is authorized to prepare and file a Notice of Exemption in compliance with CEQA.

Section 5: Procedural Compliance.

In accordance with the requirements of the California Constitution Article XIID sections 6(a)(1) and (a)(2) and Government Code sections 53755(a)(1) and (a)(2) ("Proposition 218"), the District's hearing on the proposed increase in its fees and charges was held not less than 45 days after mailing notice of same to the addresses to which the agency customarily mails the billing statement for the subject rate, fee or charge or, for any parcel without a current billing address, to the record owner. The Board considered all protests against each rate, fee or charge presented prior to the close of the public hearing. At the conclusion of the public hearing, the Board counted all written protests as to each rate, fee and charge in the manner provided in Government Code section 53755(b) and determined that there was no majority protest as to any of the proposed rates, fees, and charges.

Section 6: Recitals.

Each of the matters set forth in the recitals of this Resolution is true and correct. All recitals constitute findings associated with the matters addressed in Resolution.

Section 7: Effective Date.

All rates, fees and charges set forth in this Resolution shall become effective on October 1, 2008 and shall remain in effect until changed by the Board of Directors of the District.

The vote on Resolution No. 2047 by roll call resulted as follows:

AYES: Abel, Frye, Morgan, Shaikewitz, and Wilson

NAYS: None

ABSTAIN: None

ABSENT: None

PASSED, APPROVED AND ADOPTED by the Board of Directors of Montecito Water District this 20th day of August 2008.

APPROVED:

(signed)

Richard Shaikewitz, President

ATTEST:

(signed)

Tom Mosby, Secretary