

KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT RATE STUDY – APRIL 2017

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TIMELINE

Objectives:

1. Revise Rates for the Water, Wastewater, Irrigation and Solid Waste Departments to address increased costs of supplies, services, construction, labor and benefits and increased regulatory costs, and to achieve the revenue need forecasted by the 2018-2022 District Budget.

December 9, 2016:	Introduction/Establish Timeline; Presentation of Objectives
January 14, 2017:	Presentation of Draft Notice of Public Hearing and Enabling Ordinance
February 11, 2017	Presentation of Draft Rate Study, Discussion of Objectives and Assumptions
March 11, 2017	Presentation of Revised Rate Study, Customer Notice, Discussion of Objectives and Assumptions
April 8, 2017:	Presentation and Board Approval of Customer Information Material; Presentation and Board Approval of Final Rate Study, Notice of Public Hearing (to be held June 3rd) and Enabling Ordinance; Notice is mailed shortly afterwards with minimum 45- day comment period to all Kirkwood (developed) property owners.
June 3, 2017:	At the public hearing, identify if majority written protest exists. If not, the Board may proceed to consider the rate increase. Board directs Staff to finalize Enabling Ordinance and revise Regulation 610.01.
July 2, 2017:	Board's final approval of Ordinance 17-01 and revised Regulation 610.01.
September 1, 2017:	New Rates take effect.

EXECUTIVE SUMMARY

The Kirkwood Meadows Public Utility District (District) Board established a set of Principles and Goals at a Rate Strategy Workshop held on December 23, 2013 (see *pg. 2a, and all referenced attachments at end of this Study*). The Principles as outlined state, in part:

1. Each Fund must operate as a standalone entity, with no subsidies except for Property Taxes.
6. Set rates for each Fund to cover Operating Expenses (including depreciation), Reserve Contributions and Capital Expenses, taking into account the annual allocation of Property Taxes.

Consistent with the Board Principles, the Public Utility District Law provides that, “So far as possible the board shall fix such charges for commodities or service furnished by any revenue producing utility as will pay all of the expenses of the government of the district, or such portion as the board determines justly apportionable to such utility.” (Public Utilities Code section 16467.)

Historically, the Water and Wastewater departments have not been self-sufficient, and rely on Property Tax revenue to keep them operating without a deficit.

In line with these Principles and increased costs of supplies, services, construction, labor, benefits, and regulation, the proposed 2018-2022 District budget calls for rate increases in each of the next three years to achieve a 7.5% annual increase in revenues for the Wastewater department, a 4% annual increase in revenues for the Water Department, an 8% annual increase in the Irrigation Usage Rate and a 4% annual increase in the Base Rate for the Solid Waste department to achieve the revenue need forecasted by the District Budget and to help fund needed Capital improvements.

To achieve these objectives, this Rate Study recommends that:

1. The allocations for General and Administration Expenses be changed to better reflect the relative amount of time spent in support of each department;
2. The Wastewater Usage Rates be adjusted to achieve a 7.5% increase in revenue annually for three years, to make this Department more self-sufficient and less reliant on property tax revenue;
3. The Water Usage Rates be adjusted to achieve a 4% increase annually for three years, to make the Water Department more self-sufficient and less reliant on property tax revenue;

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4. The Irrigation Usage Rates be adjusted to achieve an 8% increase annually for three years, to make the Water Department more self-sufficient and less reliant on property tax revenue; and
5. The Solid Waste Base Rate be increased by 4% annually for three years to keep this department self-sufficient and keep up with increased costs.

The purposes of these rate adjustments are to provide revenue to cover operation, maintenance and capital cost increases due to inflation, increased regulatory costs, increased costs of supplies, services, labor and benefits. The 2018-22 District budget explains the anticipated water, wastewater, irrigation and solid waste cost increases and anticipated expenditures and it forecasts the revenue needed in coming years to fund these costs and operations.

Following are details supporting each of these recommendations. Note that any rates quoted in this Study are in addition to the annual Consumer Price Index-based adjustment each July 1.

INTRODUCTION

The Kirkwood Meadows Public Utility District (District) was formed in 1985 through LAFCO (Local Agency Formation Commission) to provide Water and Wastewater services to the community of Kirkwood, California.

Over the years, the District has taken on many other functions, both Enterprise departments (services for which fees are paid), and Governmental (non-enterprise) departments (services performed for the public good and funded by property tax and other unrestricted revenue). Following is a list of the major departments of the District:

Enterprise Fund	Government
Water	Fire Department
Wastewater	Parks and Recreation
Solid Waste	Mosquito Abatement
Electric	Cable Administration
Propane	
Snow Removal	

The District also owns and operates an Employee Housing complex for its staff members (the operating costs of which are funded primarily by rental income).

The District is governed by a five-member Board of Directors (Board) elected by registered voters in the District to serve staggered four-year terms. The Board Members are:

Robert Epstein, President
Eric Richert, Vice President
Standish O'Grady, Treasurer
Peter Dornbrook, Secretary
Geoffrey Smith, Assistant Secretary

The District is funded through charges for services provided, and through Property Taxes. The District receives 20% of the property taxes collected in Kirkwood by Alpine, Amador and El Dorado counties. The Board has broad discretion on the use of these property taxes, and utilizes the funds primarily to:

1. Ensure the Electric Loan covenants are met.
2. Fund the non-enterprise departments.
3. Cover any revenue deficits in the enterprise departments.
4. Fund capital improvements.
5. Fund a cash reserve.

The Board adopts a budget annually for all departments, and the General Manager monitors procedures to assure that expenditures of the District do not exceed the

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appropriations by Department and/or Enterprise of the major summary categories (salaries and benefits, operating services and supplies, capital outlay, and capital improvement projects) in conformance with the adopted policies set by the Board. The District 2017-2021 Final Budget approved in June 2016 includes a forecast of expenses and revenue needs through the 2020-21 fiscal year based on past and anticipated cost increases and operating, staffing and capital cost plans and planned expenditures. The rate increases recommended in this rate study have been calculated based on the 2017-21 budget and the 2017-21 budget should be considered part of this rate study.

GENERAL AND ADMINISTRATION ALLOCATIONS

General and Administration expenses are those that benefit and support all the departments. The District's General Manager, Administration staff, and the Board of Directors are primarily budgeted in the General and Administration (G&A) department. Their labor costs, payroll taxes and fringe benefits are part of the G&A department. Other common expenses incurred by the District that benefit the District as a whole are also budgeted in G&A. 100% of these monthly expenses are then allocated out to other departments. The allocations from G&A are based on management's observation and estimate of the relative amount of time spent by G&A among the various departments. Funds or departments that are complex and require continuous oversight require more G&A time and therefore receive a larger allocation than those departments that are simple and self-sufficient. For example, the Cable Fund has little activity and receives a very small portion of the G&A allocation. Conversely, the Electric Fund is complex. There are monthly billings, collections, ongoing construction projects, and ongoing financing needs and options. This Fund receives a larger percentage of the G&A expenses.

District management has re-evaluated the allocations for each department based on more recent observations and a reevaluation of the estimated relative amount of G&A among the departments. Now that the District has several years of experience operating the Electric and Propane departments, management can now better determine and estimate the G&A effort required for the various departments.

The following table shows the existing G&A Allocations, and the changes that management deems appropriate based on this reevaluation:

Fund	Current	New
Fire	7%	8%
Mosquito Abatement	1%	1%
Parks & Recreation	1%	1%
Water	18.25%	17%
Wastewater	18.25%	17%
Employee Housing	2%	2.5%
Electric	18.25%	20%
Cable	1%	1%
Snow Removal	11%	10%
Propane	18.25%	18.5%
Solid Waste	4%	4%
	100%	100%

WATER USAGE RATE

With the aforementioned changes in the Allocation of General and Administration expenses, the Water Fund presents a much more positive outlook for achieving self-sufficiency. However, many challenges remain including the need for an additional Water Tank to meet future capacity and fire flow needs.

Currently, monthly Water Rates for FY 2017 are:

Base Rate	\$25.84
Usage Rate	\$4.13 per 100cf
Meter Rate	\$3.30

For many years, the Water Department has been losing money and it is one of the Board's goals to make this department more self-sufficient.

Following are the Net Income (Loss) results for this department over the last five years which illustrates this point:

	2016	2015	2014	2013
Water	(\$145,946)	(\$156,296)	(\$111,309)	(\$157,897)

The above numbers are before any Capital projects are considered. This Department has been heavily subsidized by Property Taxes in the past which takes away funds which could be used for needed Capital Improvement projects, the Fire Department, etc.

For the 2017 Fiscal Year, the ending year estimated results for this department are listed below:

2017 Fiscal Year	Water
Total Revenues	\$446,733
Total Operating Expenses	\$677,753
Net Income (Loss)	(\$231,020)
Revenues in Excess of Expenses Without Depreciation	(\$96,117)

These numbers do not include the department's Capital Improvements needed or principal payments. The Water Department has a \$79,300 loan payment due during the year.

This Rate Study recommends an annual rate increase to achieve a 4% increase for the next three years in revenues for the Water Department to achieve the revenue need forecasted by the District Budget and to help fund needed Capital improvements.

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Following is the forecasted year end results for the 2017 Fiscal Year as compared to the next three years with the Rate Increase:

Water	2016-2017 Current	2017-2018 Proposed	2018-2019 Proposed	2019-2020 Proposed
Total Revenues	\$446,733	\$522,943	\$557,777	\$603,830
Total Operating Expenses	\$677,753	\$634,580	\$638,005	\$642,175
Net Income (Loss)	(\$231,020)	(111,637)	(\$80,229)	(\$38,345)
Revenues in Excess of Expenses Without Depreciation	(\$96,117)	\$27,563	\$59,621	\$103,255

The proposed increase corrects the negative variances over the course of the next three years and sets the Department on the course to achieve self-sufficiency.

Even with the rate increase the majority of the required annual loan payment (\$64,400) will need to be funded through Property Taxes. This loan is paid off in 2023.

Water service charges are comprised of a monthly flat Base Charge and a Usage charge based on water consumption. Base Rates for Commercial accounts are calculated on their three-year usage divided by the residential annual average usage to account for their increased impact on the systems.

The current Water revenue stream receives 86.8% of its revenue from Base Rates and only 13.2% from Usage charges. This structure does not promote conservation and does not fairly allocate costs among the users based on their relative impact on the system. The Board would like to reverse this trend and place more of the revenue stream under Usage charges. To move in this direction, this Rate Study looked at placing the entire increase on the Water Usage Rate while still achieving the 4% revenue increase. Water Usage Rates are comparatively very low and have only been in existence for a few years. The current Water Usage Rate is \$4.13 per 100 cubic feet and will need to be increased by 34% to achieve the desired 4% increase in Water Revenues.

	Usage Rate	Total Revenue
Current	\$4.13	\$454,338
34% Increase	\$1.40	\$18,174
New Rate (W/O CPI)	\$5.53	\$472,512
Additional Revenue Generated	\$18,174	4% increase

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Water Usage and Base Rates over the next five years are recommended to be set at:

	2017 Current	2017-18	2018-19	2019-20	2020-21	2021-22
Base Rate	\$25.84	\$26.10	\$26.36	\$26.62	\$26.89	\$27.16
Usage Rate Per 100 cf	\$4.13	\$5.58	\$7.53	\$10.16	\$10.26	\$10.37

Note that the Water Base and Usage Rates are increased by 1% annually to allow for the Consumer Price Index increase in addition to the proposed rate increase.

This Study recommends a rate increase to achieve an annual 4% increase in Water Revenues for a period of three years, as this results in:

- A positive Revenues in Excess of Expenses Without Depreciation each year.
- Reduces the need for Property Tax Allocations.
- Gets the Water Fund well on its way to becoming self-sufficient, especially with the COP Loan being paid off in 2023.

WASTEWATER RATE

The Wastewater Department has a very extensive and expensive Capital Plan over the next five years. Even though the aforementioned allocation shift of General and Administration expenses will have a positive impact on Wastewater expenses, the department faces an uphill battle to achieve self-sufficiency.

Currently, monthly Wastewater Rates for FY 2017 are:

Base Rate	\$34.75
Usage Rate	\$22.57 per 100cf

For many years, the Wastewater Department has been losing money and it is one of the Board's goals to make this department more self-sufficient.

Following are the Net Income (Loss) results for this department over the last five years which illustrates this point:

	2016	2015	2014	2013
Wastewater	(\$423,519)	(\$444,980)	(\$508,147)	(\$418,871)

The above numbers are before any Capital projects are considered. This Department has been heavily subsidized by Property Taxes in the past which takes away funds which could be used for needed Capital Improvement projects, the Fire Department, etc.

For the 2017 Fiscal Year, the ending year estimated results for this department are listed below:

2017 Fiscal Year	Wastewater
Total Revenues	\$806,360
Total Operating Expenses	\$1,320,962
Net Income (Loss)	(\$514,602)
Revenues in Excess of Expenses Without Depreciation	(\$169,728)

These numbers do not include the department's Capital Improvements needed or principal payments. The Wastewater Department has a \$114,750 loan payment due during the year.

The District faces many challenges in the future, especially with the Wastewater Department and impacts associated with the Atmospheric River weather events of this winter and the associated storm water intrusion into the Wastewater Collection System. The tremendous amount of water received over a short period stressed the Treatment Process and filled the District's Storage Capacity to a point where we had the temporary closure of the resort and notices sent out to District customers asking them to limit water usage and to delay their trip to Kirkwood.

During the period of July 1, 2016 and February 28, 2017 the District processed 16 million gallons of wastewater, most of it storm water, as compared to 8 million gallons from the same period of the year before. That is a 100% increase due primarily to the 8 inches of rain received in January and four inches received in February. This storm water gets into the District's Wastewater Collection system, some of it 45 years old, through cracks and leaks in sewer pipes and manholes. This can be caused by age related deterioration, loose joints or damage from roots. When the ground becomes soaked with rainwater it enters the sewer system through these vulnerable areas and must be treated at the Wastewater Treatment Plant.

The District is approaching this infiltration problem in a threefold manner, with repairs and upgrades needed to the Wastewater Collection System, the Treatment Plant and the Absorption Beds

The District needs to begin a multi-year project to repair the Wastewater Collection system and not allow this storm water into the system. We are currently doing an infiltration study, opening manholes to determine flow and temperature which will give us an indication of the location of the leaks. Next, sections of the system will be cleaned and televised to determine the exact nature of the problem. Then repairs will be slated for this summer, starting with the worst areas and lasting for four to five years. Repairs will be primarily through pipe lining, though certain areas will need excavation.

Simultaneously, the District is looking to expand the Wastewater Treatment Plant capacity by 30%. The Plant uses a membrane bioreactor technology to process wastewater and is designed to handle up to 420,000 gallons a day, but needs additional membranes and mechanical components to reach this level. The existing membranes are due for replacement in 2018. It is the District's intent to replace these and complete the necessary upgrades at the same time.

Lastly, the District is completing renovations to our absorption beds (leachfields) to handle the flows out of the plant. These absorption beds are located under parking lots near the plant and are designed to handle the maximum flows out of the plant, but need periodic maintenance to insure full operation.

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The following spreadsheet shows the budgeted Wastewater Capital Improvement needs over the next three years:

Component	2017-2018	2018-2019	2019-2020
Collection System	\$50,000	\$50,000	\$50,000
East Lift Upgrades		\$20,000	
Emergency Storage	\$5,000		
Hot Water, Main Lift	\$2,500		
Integrated SCADA	\$15,000		
Pumps		\$7,000	\$7,000
Communications	\$1,000		
WWTP Capacity		\$160,000	
WWTP UPS	\$15,000		
Total	\$128,500	\$237,000	\$57,000

The Wastewater Reserve fund sits at a balance of \$5,044. With these Capital expenses, the aforementioned losses in Net Income and the loan payment the need for a rate increase is evident.

This Rate Study recommends a rate increase to achieve a 7.5% increase in revenues for the Wastewater Department to achieve the revenue need forecasted by the District Budget and to help fund needed Capital improvements. Following is the forecasted year end results for the 2017 Fiscal Year as compared to the next three years with the Rate Increase:

	2016-2017 Current	2017-2018 Proposed	2018-2019 Proposed	2019-2020 Proposed
Total Revenues	\$806,360	\$937,090	\$1,021,057	\$1,121,717
Total Operating Expenses	\$1,320,962	\$1,230,350	\$1,248,710	\$1,270,521
Net Income (Loss)	(\$514,602)	(\$293,260)	(\$227,653)	(\$148,804)
Revenues in Excess of Expenses Without Depreciation	(\$169,728)	\$43,940	\$122,397	\$218,096

The proposed increase corrects the negative variances in Revenues in Excess of Expenses Without Depreciation over the course of the next three years and sets the Department on the course to achieve self-sufficiency.

Even with the rate increase the majority of the required annual loan payment (\$101,200) will need to be funded through Property Taxes. This loan is paid off in 2023.

Wastewater service charges are comprised of a monthly flat Base Charge and a Usage charge based on water consumption. Base Rates for Commercial accounts are calculated on their three-year usage divided by the residential annual average usage to account for their increased impact on the systems.

The current Wastewater revenue stream receives 63.6% of revenues from Base Rates and 36.4% from Usage charges. This structure does not promote conservation and does not distinguish those with a greater impact on the system. The Board would like to reverse this trend and place more of the revenue stream under Usage charges. To move in this direction, this Rate Study looked at placing the entire increase on the Wastewater Usage Rate while still achieving the 7.5% revenue increase. The current Wastewater Usage Rate is \$22.57 per 100 cubic feet and will need to be increased by 19% each year for the next three years to achieve the desired 7.5% annual increase in Wastewater Revenues.

Wastewater Usage and Base Rates over the next five years are recommended to be set at:

	2016-2017 Current	2017-18	2018-19	2019-20	2020-21	2021-22
Base Rate	\$34.75	\$35.10	\$35.45	\$35.80	\$36.16	\$36.52
Usage Rate Per 100 cf	\$22.57	\$27.08	\$32.50	\$39.00	\$39.39	\$39.78

Note that the Wastewater Base and Usage Rates are increased by 1% annually to allow for the Consumer Price Index increase in addition to the proposed rate increase.

This Study recommends a rate increase to achieve an annual 7.5% increase in Wastewater Revenues for a period of three years, as this results in:

- A positive Revenues in Excess of Expenses Without Depreciation each year.
- Reduces the need for Property Tax Allocations.
- Gets the Wastewater Fund well on its way to becoming self-sufficient, especially with the COP Loan being paid off in 2023.

SOLID WASTE BASE RATE

The District has been providing Solid Waste services to customers since 1996.

Solid Waste Operating Costs have increased due to the higher levels of business, resulting in additional waste removal and personnel costs. Additionally, the amount of snowfall has a direct correlation to personnel costs as it takes more time to remove the snow from the dumpsters and surrounding areas. The 2018-2022 Budget shows the anticipated cost increases and revenue needs and it forecasts the need for a 4%/year increase in the Solid Waste Base Rate. This Rate Study proposes a 4% per year rate increase from the current flat monthly rate of \$15.51 to \$16.29 in 2018. The following chart shows the proposed Solid Waste Base Rates over the next 3 years:

Solid Waste	2017 Current	2018 Proposed	2019 Proposed	2020 Proposed
	\$15.51	\$16.29	\$17.10	\$17.95

The following chart shows Solid Waste financials estimated for the 2017 fiscal year as compared to the next three fiscal years with the rate increase:

Solid Waste	2017 Current	2018 Proposed	2019 Proposed	2020 Proposed
Total Revenues	\$127,159	\$134,517	\$141,545	148,942
Total Operating Expenses	\$143,869	\$147,190	\$148,553	\$149,928
Net Income (Loss)	(\$16,710)	(12,673)	(\$7,007)	(\$986)
Revenues in Excess of Expenses Without Depreciation	(\$15,727)	(\$11,713)	(\$6,047)	(\$26)

The proposed increase corrects the negative variance over the course of the next three years and sets the Department on the course to achieve self-sufficiency.

IRRIGATION WATER RATE

Part of Water Department revenues come from Irrigation water sales, which is water provided to customers for landscape purposes (which does not enter the Wastewater collection system).

As the above Water summary shows, the Department lost money in 2016 and continues this trend into 2017 due to rising costs of Utilities and Salaries & Wages.

To help offset this trend, the 2018-2022 Budget forecasts the need for an 8% increase in the Irrigation Rate beginning in FY 2018 and continuing for three years.

The irrigation usage rates shall be increased over the next three years as follows:

	2017-18	2018-19	2019-20	2020-21
Usage Rate Per 100 cf	\$4.36	\$4.75	\$5.18	\$5.23

ORDINANCE NO. 17-01

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF
THE KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
ON PROPOSED ADJUSTMENT OF
WATER, WASTEWATER AND IRRIGATION USAGE RATES
AND SOLID WASTE BASE RATES**

BE IT ENACTED by the Board of Directors of the Kirkwood Meadows Public Utility District as follows:

Section 1. Purpose and Authority. The purpose of this ordinance is to increase the Usage Rates for the Water, Wastewater and Irrigation departments, and the Base Rate for the Solid Waste department, to achieve the revenue need forecasted by the 2018-2022 District Budget, to make each fund more self-sufficient and to fund necessary Capital improvements. This ordinance is adopted pursuant to Public Utility Code sections 16461 and 16467, Government Code sections 54344 and 54350, and other applicable law.

Section 2. Findings. The Board of Directors finds and determines as follows:

- a. That the allocations for General and Administration Expenses be changed to better reflect the time spent in support of each department;
- b. That the Wastewater Usage Rate be increased by 19% annually for three years to make this department more self sufficient;
- c. That the Water Usage Rate be increased by 34% annually for three years to make the Water department self-sufficient;
- d. That the Irrigation Usage Rate be increased by 8% annually to make the Water Department self-sufficient;
- e. That the Solid Waste Base Rate be increased by 4% annually for three years to keep this department self-sufficient.
- f. The increased utility service charges implemented by this ordinance have been fixed in an amount sufficient to pay the operating expenses of the particular enterprise activity, including operations, capital improvements, contracts and administrative services.
- h. The increased utility rates and charges are reasonably related to, and do not exceed, the District's cost of providing the particular utility service.

- i. The revenues derived from the utility rates and charges do not exceed the funds required to provide the particular utility service and are not used for any purpose other than the particular utility service.
- j. The amount of the utility rates and charges imposed on each customer's parcel does not exceed the proportional cost of the service attributable to that parcel.
- k. The District water, irrigation, wastewater and solid waste utility services are services that are actually used by and immediately available to the owner of the customer's parcel.
- l. No portion of this fee increase is imposed for general governmental services.
- m. The District Board of Directors has conducted a duly noticed public hearing on this proposed rate increase in accordance with California Constitution article XIII D, and Proposition 218 Omnibus Implementation Act, and the Board did not receive a majority protest against the proposed rate increases.

Section 3. Water, Wastewater and Irrigation Water Usage Rate, and Solid Waste Base Rate Adjustments. Kirkwood Meadows Public Utility District Regulation No. 610.01 is hereby amended as shown on the attached. The schedule of solid waste service charges is hereby revised as follows:

2017-2018	\$16.29 per month per residential dwelling unit
2018-2019	\$17.10 per month per residential dwelling unit
2019-2020	\$17.95 per month per residential dwelling unit

The water, wastewater, solid waste and irrigation water rates are to be adjusted as shown in the rate tables, section 4, and Regulation No. 610.01.

Section 4. Subsequent Cost of Living Adjustments. Commencing July 1, 2018 and for five years thereafter, the water, wastewater, irrigation, and solid waste rates shall be adjusted annually each July 1 based on the previous year's change (as of May 1) in the Consumer Price Index (U.S. city average) as determined by the U.S. Department of Labor, Bureau of Labor Statistics. The District General Manager shall make this adjustment and keep and maintain a current schedule of applicable water, wastewater and solid waste service rates at the District office. The General Manager also shall provide 30-day prior notice of the rate increase by including a notice in the District's regular monthly billing statement.

Section 5. CEQA. The Board of Directors finds that this modification of water and wastewater and solid waste base rates and increase in the water, wastewater and irrigation usage rates is for the purposes of meeting operating expenses of the District water, wastewater and solid waste utility operations (including labor, supplies, equipment and materials), meeting financial reserve needs and requirements of the District water, wastewater and solid waste systems, and obtaining funds for water and wastewater system improvements that are necessary to maintain and enhance water and wastewater services within the existing District service area. Accordingly, the District Board

determines that this fee increase is exempt from the California Environmental Quality Act and CEQA Guidelines. (Public Resources Code section 21080(b) (8); CEQA Guidelines section 15273.)

Section 6. Effective Date. This ordinance and the 2017-18 utility service charges shall take effect on September 1, 2017. Subsequent scheduled annual service charge increases shall take effect on July 1 of the year.

Section 7. Posting. Within 23 days from the date of passage of this ordinance, the District Secretary shall post a copy of the ordinance in three public places in the District.

PASSED AND ADOPTED by the Board of Directors of the Kirkwood Meadows Public Utility District on the ____ day of _____ 2017, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

President

Attest:

Secretary

Drafted: 7/2/85
 Enacted: 7/3/85
 Modified: 3/20/86 01/25/00
 11/29/90 03/22/01
 10/8/98 12/13/01
 11/11/10 10/12/13
 06/03/17

Deleted:

**REGULATION NO. 610.01
 KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
 RATES - WATER AND SEWER SERVICE**

Domestic Service:

1. Rates apply to single and multiple family dwellings.
2. Rates are for each unit of service.
3. Residential Service is established and customers are charged upon installation of water meter service. For work under construction, customers are charged consumption use at the current construction rate until a final Certificate of Occupancy is issued by the respective county or when occupancy has been determined, whichever comes first. Thereafter, customers are charged a water rate consisting of the current base rate plus the current usage rate plus the current meter charge and a wastewater rate consisting of the current base rate plus the current usage rate.
4. There are no shutoff privileges, once an account is established billing continues whether or not the premise is occupied.

Domestic Rates:

1. Base wastewater rate of \$35.10 per residential dwelling unit per month (2017-18 rate).
2. Wastewater usage rate of \$27.08 per 100 cubic feet of water used (2017-18 rate) as measured by the water supply meter.

The wastewater base and usage rates shall be increased over the next four years as follows:

	2017-18	2018-19	2019-20	2020-21	2021-22
Base Rate	\$35.10	\$35.45	\$35.80	\$36.16	\$36.52
Usage Rate Per 100 cf	\$27.08	\$32.50	\$39.00	\$39.39	\$39.78

The new rates shall take effect on July 1 of each year.

3. Base water rate of \$26.10 per residential dwelling unit per month (2017-18 rate).

4. Water usage rate of \$5.58 per 100 cubic feet of water used (2017-18 rate) as measured by the water supply meter.

The water base and usage rates shall be increased over the next four years as follows:

	2017-18	2018-19	2019-20	2020-21	2021-22
Base Rate	\$26.10	\$26.36	\$26.62	\$26.89	\$27.16
Usage Rate Per 100 cf	\$5.58	\$7.53	\$10.16	\$10.26	\$10.37

The new rates shall take effect on July 1 of each year.

5. Water Meter Charge of \$3.30 per meter per month

Commercial Service:

1. Rates apply to all commercial and other non-residential establishments.
2. Commercial Service is established and customers are charged upon installation of water meter service. For work under construction, customers are charged consumption use at the current construction rate until a final Certificate of Occupancy is issued by the respective county or when occupancy has been determined, whichever comes first. Thereafter, customers are charged a water and wastewater rate consisting of the current base rate plus the current usage rate.

There are no shutoff privileges, once an account is established, billing continues whether or not the premise is occupied.

Commercial Rates:

1. An Equivalent Dwelling Unit (EDU) for a commercial or other nonresidential use is determined based on the average annual residential dwelling unit water use divided by 12. The District has calculated and determined that the average residential dwelling unit usage is 681 gallons per month. The number of EDUs for a commercial or other nonresidential account shall be determined by taking the account's average monthly water usage for a three-year period and dividing it by the EDU factor of 681 gallons. EDUs may be adjusted annually by the General Manager to reflect the preceding years' actual water usage for a particular account.
2. For any new commercial or other nonresidential account during the period before a three year history of actual water usage, the General Manager shall determine and establish appropriate EDUs for the account by applying the criteria and methodology of the October 1990 Water and Wastewater Study Revised Final Report by Bartle Wells Associates. After three years of water usage, the EDUs shall be determined as provided above.
3. Base wastewater rate of \$35.10 per EDU per month (2017-18 rate). This sum multiplied by the account's EDUs equates to the commercial account wastewater base rate. Commercial Restaurant Accounts will be charged an additional multiplier of 1.57 (Strength Factor) per EDU due to their impact on the waste stream and wastewater treatment plant.

4. Wastewater usage rate of \$27.08 per 100 cubic feet of water used (2017-18 rate) as measured by the water supply meter.
5. Base water rate of \$26.10 per equivalent dwelling unit (EDU) per month (2017-18 rate). This sum multiplied by the account's EDUs equates to the commercial account water base rate.
6. Water usage rate of \$5.58 per 100 cubic feet of water used (2017-18 rate) as measured by the water supply meter.
7. Water Meter Charge of \$3.30 per meter per month

The water and wastewater base and usage rates shall be increased over the next four years in the same amount and manner as for the residential rates.

Construction Service:

1. Rates apply only for construction purposes to reduce dust, clean tools, and general construction activities.
2. Rates specifically do not apply to any use that enters the sewage system, either temporary or permanent.
3. Base water rate: None
4. Water consumption rate: \$12.00 / 100 cubic feet.

Irrigation Service:

1. Rates apply only for irrigation and other water utilized that does not enter the sewage treatment systems.
2. Irrigation water to be metered and billed regularly to the customer.
3. Base rate water: None
4. Water consumption rate: \$4.36 / 100 cubic feet.
5. The irrigation usage rates shall be increased over the next four years as follows:

	2017-18	2018-19	2019-20	2020-21	2021-22
Usage Rate Per 100 cf	\$4.36	\$4.75	\$5.18	\$5.23	\$5.28

The new rates shall take effect on July 1 of each year.

6. Water Meter Charge of \$3.30 per meter per month

Terms:

1. Service to be read or estimated monthly and billed at that time.
2. Payment is due upon receipt of billing date.

3. Interest on the overdue balance will accrue monthly at the legal interest rate.