

**ORDINANCE NO. 2008-1**  
**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE**  
**ARMONA COMMUNITY SERVICES DISTRICT**  
**ADOPTING INCREASED WATER AND SEWER RATES**

The Board of Directors of the Armona Community Services District does hereby find:

WHEREAS, the Armona Community Services District ("District") is a California community services district formed and existing under and by virtue of the provisions of the Community Services District Law, codified at California Government Code §§ 61000-61226.5, inclusive, possessing all of the powers of said Law, and all such other acts, laws, and decisions of courts as are amendatory thereof or supplementary thereto, together with all powers, necessary and implied, to give meaning and effect to said Law; and

WHEREAS, said Law provides, at Government Code § 61060, that the District has the power generally to perform all acts necessary to carry out fully the provisions thereof; and

WHEREAS, said Law further provides, at Government Code § 61060(b), that the District may by ordinance adopt regulations binding upon all persons to govern the construction and use of its facilities and property, including regulations imposing reasonable charges for the use thereof; and

WHEREAS, said Law further provides, at Government Code § 61115, that the District may provide for the collection of charges for the services and facilities provided by the District; and

WHEREAS, the Board adopted Ordinance No. 1986-4 on September 24, 1986, establishing water and sewer rates for various categories of use, and repealing prior rate Ordinances; and

WHEREAS, the District subsequently adopted Ordinance Nos. 1989-2, 1991-1, 1996-3, 1998-1, 2000-1, 2001-2, 2004-4, 2005-2, and 2006-1, regarding water and sewer rates; and

WHEREAS, the District hired Bartle Wells Associates to conduct water and waste water rate analyses, entitled respectively "Armona Community Services District Water Rate Study & Financing Plan Draft Tables 2-7-08" and "Armona Community Services District Sewer Rate Study & Financing Plan draft Tables 2-7-08", to ensure that the District has sufficient funds to provide water and waste water services, to maintain adequate reserves and to comply with all State and Federal regulatory mandates imposed on providers of water and waste water service; and

WHEREAS, the Board reviewed the rate analyses prepared Bartle Wells at public meetings on January 9, 2008 and February 20, 2008; and

WHEREAS, after consideration of the existing rates and rate structure and future budget and revenue requirements at public meetings held on January 9, 2008 and February 20, 2008, the Board of Directors deems it is necessary and in the best interests of the District and the present and future users of District facilities and services, to approve a revised rate structure for water and sewer service; and

1 WHEREAS, the District will incur significant expense to meet the U.S. Environmental Protection  
2 Agency MCL for arsenic of 10 ppb, which went into effect January 1, 2006; and

3 WHEREAS, the District has expended funds for pilot tests of arsenic removal treatment  
4 techniques and technologies; and

5 WHEREAS, the District is in process of investigations to develop a potential new water well as  
6 a means of possibly obtaining water meeting the arsenic compliance mandate without treatment, and is  
expending funds therefor and seeking grant or loan funds; and

7 WHEREAS, the District needs to increase the supply of water available to the District, regardless  
8 of the arsenic compliance mandate; and

9 WHEREAS, the District's wastewater treatment plant requires expansion and updating to  
10 accommodate future expected growth in the population of the District; and

11 WHEREAS, the District faces significant increased costs to comply with additional recently  
12 imposed water and waste water regulations and unfunded regulatory mandates imposed by various  
13 instrumentalities of the State and Federal Governments, including State Water Resources Control Board  
14 Order No. 2006-0003-DWQ establishing Waster Discharge Requirements (WDRs) for Sanitary Sewer  
15 Systems, and the preparation and adoption of a Sewer System Management Plan (SSMP) required by the  
WDRs; the Initial Distribution System Evaluation (IDSE) and Standard Monitoring Plan required by the  
16 federal Stage 2 Disinfectant and Disinfection Byproducts (DDBP) Rule; and the federal Groundwater  
17 Disinfection Rule, among many others; and

18 WHEREAS, the District faces increased costs to pump, treat, and deliver potable water and to  
19 receive and treat wastewater and to operate, maintain, repair and replace its water and waste water  
20 infrastructure, and to establish adequate reserves to provide therefor and for emergencies such as well  
21 failure; and

22 WHEREAS, the District does not levy any property tax revenue or other assessments and the  
23 principal source of all funds for District operations and reserves are revenues received from rates charged  
24 for water and waste water service; and

25 WHEREAS, the above mentioned facts and circumstances entail increased costs to the District,  
26 and require increased revenue in order for the District properly to carry out its functions and to serve the  
residents and businesses within its service area; and

WHEREAS, pursuant to Proposition 218 (Cal. Const. Arts. XIII C, XIII D), during the week of  
March 3, 2008, the District mailed a written notice, in the form attached hereto as Exhibit A, of proposed  
water and waste water service rate increases to all owners of property within the District and to all District  
service customers informing them of the proposed rate increases, the reasons therefor, the right to protest  
any increases and the procedure therefor, and the date, time and place of the public hearing on the  
proposed rate increases.

NOW, THEREFORE, in consideration of all of the foregoing, including those matters referred to by reference, the Board of Directors of Armona Community Services District hereby enacts as follows:

THAT the rates for water and waste water service shown in the Tables I and II entitled respectively "Proposed Water Rates" and "Proposed Sewer Rates" set out below are hereby approved and adopted as follows: (i) the rates shown in the Tables in the columns dated May 1, 2008 for water service and July 1, 2008 for waste water (sewer) service shall both go into effect July 1, 2008; (ii) all other rates shown in the Tables remain proposed rates and will not go into effect until the dates shown in the Tables below, unless otherwise determined by the Board; and (iii) Ordinance No. 2006-1 is hereby amended to reflect the rate changes and proposed rate changes adopted hereby.

TABLE I

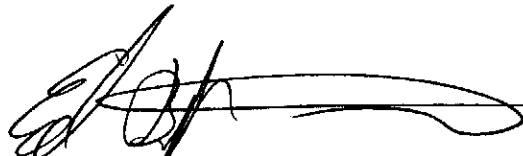
<b>PROPOSED WATER RATES</b>							
	Current	Projected Phase-In of Rate Adjustments					Proposed
	Rates	May-1	Jan-1	Jan-1	Jan-1	Jan-1	Maximum
		2008	2009	2010	2011	2012	Rates*
<b>RESIDENTIAL &amp; COMMERCIAL WATER RATES</b>							
<b>Basic Monthly Water Rate</b>							
<i>Includes first 8 hcf of monthly water use</i>							
<u><b>Meter Size</b></u>							
1-inch or less	\$20.75	\$24.75	\$28.75	\$32.75	\$35.25	\$37.75	<b>\$37.75</b>
1-1/4 inch	25.94	30.94	35.94	40.94	44.06	47.19	<b>47.19</b>
1-1/2 inch	31.13	37.13	43.13	49.13	52.88	56.63	<b>56.63</b>
2-inch	41.50	49.50	57.50	65.50	70.50	75.50	<b>75.50</b>
3-inch	-	74.25	86.25	98.25	105.75	113.25	<b>113.25</b>
4-inch	-	99.00	115.00	131.00	141.00	151.00	<b>151.00</b>
6-inch	-	148.50	172.50	196.50	211.50	226.50	<b>226.50</b>
<b>Usage Charge (\$/hcf)</b>							
<i>Charge per hcf for monthly use over</i>	\$1.90	\$2.70	\$3.50	\$4.30	\$5.10	\$5.90	<b>\$5.90</b>
<i>Equivalent charge per gallon</i>	\$0.0025	\$0.0036	\$0.0047	\$0.0057	\$0.0068	\$0.0079	<b>\$0.0079</b>
<b>FIRE PROTECTION SERVICE</b>							
<b>Basic Monthly Rate</b>							
<u><b>Meter Size</b></u>							
Less than 4-inch	\$10.00	\$11.93	\$13.86	\$15.79	\$17.00	\$18.21	<b>\$18.21</b>
4-inch	15.00	17.90	20.79	23.69	25.50	27.32	<b>27.32</b>
6-inch	20.00	23.86	27.72	31.58	34.00	36.42	<b>36.42</b>
8-inch	25.00	29.83	34.65	39.48	42.50	45.53	<b>45.53</b>
10-inch	30.00	35.79	41.58	47.37	51.00	54.63	<b>54.63</b>
* Actual rates may be lower than shown on this table if the District receives grant funding for capital projects.							
1 hcf = 100 cubic feet, or approximately 748 gallons.							
Multi-family residential accounts served by one meter pay the rate for a 1" meter per dwelling unit.							
Water Service Outside District Boundaries charged 150% of inside-District rates.							

TABLE II

PROPOSED SEWER RATES							
	Current	Projected Phase-In of Rate Adjustments					Proposed
	Rates	Jul-1	Jul-1	Jul-1	Jul-1	Jul-1	Maximum
		2008	2009	2010	2011	2012	Rates*
<b>RESIDENTIAL</b>							
<b>Monthly Charge per Dwelling Unit</b>	<b>\$23.45</b>	<b>\$25.50</b>	<b>\$28.00</b>	<b>\$30.50</b>	<b>\$33.00</b>	<b>\$37.25</b>	<b>\$37.25</b>
<b>COMMERCIAL</b>							
<b>Quantity Charge (\$ per HCF of Water Use)</b>							
Restaurants & Other High Strength	5.60	6.09	6.69	7.29	7.89	8.91	<b>8.91</b>
Food Processing Plants, Including Butcher Shops and Lockers	4.40	4.89	5.37	5.85	6.33	7.15	<b>7.15</b>
Commercial Laundries	4.75	4.08	4.48	4.88	5.28	5.96	<b>5.96</b>
Other Commercial Uses	none	2.72	2.99	3.26	3.53	3.98	<b>3.98</b>
<b>Minimum Monthly Charge</b>		<b>25.50</b>	<b>28.00</b>	<b>30.50</b>	<b>33.00</b>	<b>37.25</b>	<b>37.25</b>
<b>SEWER LIFT STATION SURCHARGE</b>							
Surcharge for residential & commercial properties served by lift station	14.68	10.00	10.30	10.61	10.93	11.26	<b>11.26</b>
<b>* Actual rates may be lower than shown on this table.</b>							
Sewer Service Outside District Boundaries charged 150% of inside-District rates.							

WHEREFORE, this Ordinance was passed and adopted by the Board of Directors of the Armona Community Services District on April 25, 2008, by the following vote:

AYES: Gutierrez, Watson, Danielson, Bittner  
 NOES: NONE  
 ABSENT: NONE  
 ABSTAIN: NONE

  
 ED BITTNER, PRESIDENT

ATTEST:

  
 ALAN DANIELSON, SECRETARY

1 **CERTIFICATE OF SECRETARY**

2 I, Alan Danielson, the duly appointed and acting Secretary of the Board of Directors of the  
3 Armona Community Services District, do hereby certify that the foregoing Ordinance was passed and  
4 adopted at a Special Meeting of the Board of Directors of the Armona Community Services District, duly  
held at Armona, California, on April 25, 2008.

5 DATED: April 25, 2008.

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8 ALAN DANIELSON, SECRETARY

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# **EXHIBIT A**

**NOTICE RE PROPOSED INCREASED WATER AND SEWER RATES**



# **Armona Community Services District**

PO Box 486 – 10956 14<sup>th</sup> Ave.

Armona, CA 93202

(559) 584-4542 Fax (559) 584-7396

Dear Property Owner or Customer,

Armona Community Services District provides water, sewer, and garbage services to the community of Armona. The District serves a population of about 3,500 via approximately 1,250 service accounts. The District's utilities are financially self-sufficient and rely primarily on utility service charges to fund operating, maintenance, and capital needs.

The District is proposing to gradually increase its water and sewer rates over the next five years. Rate adjustments are needed to fund critical infrastructure needs, pay annual operating and maintenance costs (including depreciation), maintain reserves, and comply with state-mandated permit requirements and state and federal drinking water standards. The proposed rates are based on analysis by an independent utility rate consultant and are designed to recover the cost of providing service. The District is also in the process of updating its water and sewer connection fees, which are levied on new development, to ensure that connection fees continue to recover the full costs of facilities benefiting growth.

The District understands that any rate increases will place a financial burden on its customers and will strive to keep rates as low as possible in future years. The District is pursuing grant funding for a substantial portion of its capital needs. If any grants are received, the District will not need to implement the full rate adjustments proposed in this notice.

## **PROPOSED WATER RATES**

The District relies on groundwater pumped from wells as its sole source of water supply. The District is facing new, more stringent, water quality requirements. In order to comply with the new requirements and ensure the reliability of the District's water supply, the District will have to replace one of its two wells and will also likely have to add an expensive new water treatment process. The District's engineering consultants estimate that these infrastructure improvements will cost over \$6 million and could add over \$150,000 in annual operating costs. The District is also facing over \$2 million of additional capital needs. The District is actively pursuing grant funding for its projects.

The District is planning to phase in a series of water rate increases over the next five years to cover its projected operating and capital funding needs. The proposed rates shown in this notice assume the District will not receive any grant funding. The required rate increases will be substantially lower if grant funding is obtained.

Water rates include two components: 1) a fixed monthly charge based on meter size, and 2) a water usage charge based on metered water consumption. *The District has not adopted any increases to its fixed monthly service charges in over 7 years.* The fixed monthly charge includes the first 8 hundred cubic feet (hcf) of water used each month, equivalent to roughly 6,000 gallons. One hcf equals approximately 748 gallons of water. Apartments and other multi-family dwelling units pay the basic monthly fixed charge per each dwelling unit. The water usage charge is levied on water use in excess of 8 hcf per month. For example, a customer using 10 hcf of water in a month would pay a fixed minimum charge plus a quantity charge for 2 hcf of water (the amount in excess of 8 hcf). The proposed rates include some minor modifications to the rate structure and include lower increases to the fixed monthly meter charges in order to help reduce the impact on customers with low water use.

The District proposes to adopt the Proposed Maximum Rates shown on the following table. For informational purposes, the table also shows the annual rates anticipated during each of the next five years assuming no grant funding. *The District remains committed to operating as efficiently as possible and will only increase rates as needed based on an annual review of finances.*

<b>PROPOSED WATER RATES</b>							
	Current	Projected Phase-In of Rate Adjustments					Proposed
	Rates	May-1	Jan-1	Jan-1	Jan-1	Jan-1	Maximum
		2008	2009	2010	2011	2012	Rates*
<b>RESIDENTIAL &amp; COMMERCIAL WATER RATES</b>							
<b>Basic Monthly Water Rate</b>							
<i>Includes first 8 hcf of monthly water use</i>							
<b>Meter Size</b>							
1-inch or less	\$20.75	\$24.75	\$28.75	\$32.75	\$35.25	\$37.75	<b>\$37.75</b>
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6-inch	-	148.50	172.50	196.50	211.50	226.50	<b>226.50</b>
<b>Usage Charge (\$/hcf)</b>							
Charge per hcf for monthly use over	\$1.90	\$2.70	\$3.50	\$4.30	\$5.10	\$5.90	<b>\$5.90</b>
Equivalent charge per gallon	\$0.0025	\$0.0036	\$0.0047	\$0.0057	\$0.0068	\$0.0079	<b>\$0.0079</b>
<b>FIRE PROTECTION SERVICE</b>							
<b>Basic Monthly Rate</b>							
<b>Meter Size</b>							
Less than 4-inch	\$10.00	\$11.93	\$13.86	\$15.79	\$17.00	\$18.21	<b>\$18.21</b>
4-inch	15.00	17.90	20.79	23.69	25.50	27.32	<b>27.32</b>
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10-inch	30.00	35.79	41.58	47.37	51.00	54.63	<b>54.63</b>
* Actual rates may be lower than shown on this table if the District receives grant funding for capital projects.							
1 hcf = 100 cubic feet, or approximately 748 gallons.							
Multi-family residential accounts served by one meter pay the rate for a 1" meter per dwelling unit.							
Water Service Outside District Boundaries charged 150% of inside-District rates.							

## PROPOSED SEWER RATES

The District operates a sewer collection system and a wastewater treatment plant. Rate increases are needed to fund ongoing sewer operations and meet new state-mandated wastewater permit requirements. New permit requirements will require the District to perform additional maintenance to its sewer collection system as part of a required Sewer System Management Plan. The District anticipates compliance with these requirements will result in approximately a 40% increase to the District's operating and maintenance costs. While these costs are substantial, they will result in a more aggressive preventive maintenance program that will help keep costs down over the long run. The District is also facing some future capital needs at its wastewater treatment plant.

The District plans to gradually increase its sewer rates over the next five years. Residential customers are billed a fixed monthly sewer service charge per dwelling unit. Commercial customers will pay a sewer charge per hcf of metered water use with a minimum monthly charge equal to the



residential rate. Commercial rates vary by type of customer with higher rates charged to customers with higher-strength wastewater. The proposed rates include some minor modifications to the rate structure designed to improve rate equity.

The District's sewer rates for a typical home are currently almost 30% below the statewide average. With the proposed increases, the District anticipates its sewer rates will still remain well below the statewide average.

The District proposes to adopt the Proposed Maximum Rates shown on the following table. For informational purposes, the table also shows the annual rates anticipated during each of the next five years. *The District remains committed to operating as efficiently as possible and will only increase rates as needed based on an annual review of finances.*

<b>PROPOSED SEWER RATES</b>							
	Current Rates	Projected Phase-In of Rate Adjustments					Proposed Maximum Rates*
		Jul-1 2008	Jul-1 2009	Jul-1 2010	Jul-1 2011	Jul-1 2012	
<b>RESIDENTIAL</b>							
<b>Monthly Charge per Dwelling Unit</b>	<b>\$23.45</b>	<b>\$25.50</b>	<b>\$28.00</b>	<b>\$30.50</b>	<b>\$33.00</b>	<b>\$37.25</b>	<b>\$37.25</b>
<b>COMMERCIAL</b>							
<b>Quantity Charge (\$ per HCF of Water Use)</b>							
Restaurants & Other High Strength	5.60	6.09	6.69	7.29	7.89	8.91	<b>8.91</b>
Food Processing Plants, Including Butcher Shops and Lockers	4.40	4.89	5.37	5.85	6.33	7.15	<b>7.15</b>
Commercial Laundries	4.75	4.08	4.48	4.88	5.28	5.96	<b>5.96</b>
Other Commercial Uses	none	2.72	2.99	3.26	3.53	3.98	<b>3.98</b>
<b>Minimum Monthly Charge</b>		<b>25.50</b>	<b>28.00</b>	<b>30.50</b>	<b>33.00</b>	<b>37.25</b>	<b>37.25</b>
<b>SEWER LIFT STATION SURCHARGE</b>							
Surcharge for residential & commercial properties served by lift station	14.68	10.00	10.30	10.61	10.93	11.26	<b>11.26</b>
<p><b>* Actual rates may be lower than shown on this table.</b>  Sewer Service Outside District Boundaries charged 150% of inside-District rates.</p>							

#### **NOTIFICATION OF PUBLIC HEARINGS ON PROPOSED WATER & SEWER RATE INCREASES**

Armona Community Services District will hold Public Hearings on the proposed water and sewer rates on Friday, April 25, 2008, at 7:00 p.m. at the Armona Community Center, 11115 "C" Street, Armona, CA. You may submit a written protest against the proposed water rate increases, sewer rate increases or both the water and sewer rate increases. The proposed rates will not be adopted if written protests are received from 51% or more of affected properties but a 51% protest does not preclude future adoption of other rate increases (which would also be subject to opportunity to protest at that time). Protests must be in writing and may be submitted at or before the close of the Public Hearings on April 25, 2008. To submit a written protest before the hearing, the protest may be mailed or delivered to: Armona Community Services District, P.O. Box 486, Armona, CA 93202 and must: a) identify the affected property or properties, as by Assessor's Parcel Number or address; b) identify the property owner or tenant by name, and c) include the property owner or tenant's signature.