

ORDINANCE NO. 2004-01

AN ORDINANCE OF THE BOARD OF DIRECTORS OF SACRAMENTO SUBURBAN WATER DISTRICT REGULATIONS GOVERNING WATER SERVICE AND ADOPTING REGULATION 3 WATER SERVICE CHARGES AND RATES

WHEREAS, the Board has adopted the Capital Improvement Program and Water Rate Study contained in the *Capital Improvement Plan, Multi-Year Financial Plan and Water Rate Study*, dated January 26, 2004 prepared by the Reed Consulting Group (the "Plan and Study");

WHEREAS, the Plan and Study overviews the existing water system, projects ultimate water needs and demands, recommends improvements and upgrades to the system, evaluates operation and maintenance costs, and recommends a restructuring of rates to better reflect the allocation of revenues and appropriate increases in the District's water charges as necessary to pay for on-going debt service and to finance the costs of the capital improvements necessary to meet existing and projected demand and to fund ongoing operation and maintenance costs;

WHEREAS, the District's previous water service charges did not provide adequate fund segregation to enable ratepayers to determine the allocation of the District's revenues to its various component functions and were insufficient to pay the operating expenses of the District's water utility operations, to provide for repairs and replacement of water system works, to pay the principal and interest on water system indebtedness, and to provide additional revenues for continuing capital improvements to the water supply system; and

WHEREAS, the District has held public meetings and workshops to explain the restructuring and increase of water service charges and to receive comments on the proposed restructuring and increase, and made the Plan and Study available for public inspection and review for at least 45 days prior to the Board's public hearing on this matter.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Sacramento Suburban Water District as follows:

Section 1. Purpose. The purpose of this ordinance is to approve the restructuring and increase of the District's water rates and charges to adequately separate the funds used for the District's various operations and activities as recommended in the Plan and Study, and to adopt Regulation 3 governing water service charges to ensure the provision of adequate water service and collection of charges to finance such services.

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

(a) The restructured and increased water service charges implemented by this ordinance have been fixed in an amount sufficient to pay the operating expenses of the District's water utility operations, to provide for repairs and replacement of water system works, to pay the principal and interest on water system indebtedness, and to provide additional revenues for

continuing capital improvements to the water supply system. The restructured rates adopted herein adequately reflect the operations and maintenance, debt service and capital improvement components of the District's services and budget.

(b) The increased water and debt service charges are reasonably related to, and do not exceed, the District's cost of providing water service, including the provision of a prudent reserve.

(c) The revenues derived from the water and debt service charges do not exceed the funds required to provide water service, and are not used for any purpose other than the particular water service for which they are charged.

(d) The amount of the water and debt service charges imposed on each user does not exceed the proportional cost of the water service actually delivered or made available to every identified parcel of real property within the District's service boundaries.

(e) The Plan and Study provides reasonable estimates of replacements and upgrades required to serve existing and future demand in the District through 2020.

(f) In order to plan to provide water service to existing and anticipated demand, the District caused the Plan and Study to be prepared and adopted, setting forth a capital improvement program deemed sufficient to meet this demand. The capital improvement plan identifies certain improvements and facilities as necessary replacements and upgrades to accommodate existing and future demand and to ensure the District can provide an adequate supply of quality potable water to meet it.

(g) Present and future funds and revenues of the District are inadequate to finance the necessary capital improvements. The only fair and equitable method of securing sufficient revenues to finance such improvements is through capital improvement charges such that each water user pays its fair share of the cost of on-going replacements and improvements required to provide adequate water service.

(h) The revenue from the capital improvement charge shall be used solely to finance the costs of designing, financing and constructing the water system facilities and improvements identified in the Plan and Study.

(i) Without improvements and replacements of water facilities, the District will be unable to continue providing an adequate level of water service to existing and projected demand in the District.

(j) There is a reasonable relationship between the collection and use of capital improvement charges because, with the revenue available to pay for water facility replacements and improvements, the District will be able to continue providing water service adequate for both current and future needs of its ratepayers, and ratepayers will benefit from the availability of an adequate and healthful water supply.

(k) The District Board of Directors conducted a duly-noticed public hearing on March 15, 2004 concerning this proposed water rate increase in accordance with the California Constitution, Article XIII D, section 6 and other applicable laws, and the Board did not receive a majority protest against the proposed rate increases.

(l) Regulation 3 adopted herein ensures that the District's ratepayers have notice of their rights and obligations as water service customers and to ensure that the District has comprehensive, clear and fair policies governing the charges and conditions of water service, and for the non-discriminatory enforcement of the District's and ratepayers' rights and obligations.

(For the basis of the above findings, see, *Capital Improvement Plan, Multi-Year Financial Plan and Water Rate Study*, January 26, 2004; Minutes of the December 15, 2003, January 26, 2004 and February 23, 2004 regular Board meetings, January 21, 2004 special Board meeting and January 12 and February 9, 2004 Board workshops; staff reports prepared for the preceding meetings and workshops, fiscal year 2004 and 2005 District budgets; and fiscal year 2003 and 2004 District audited financial statements.)

Section 3. Adoption of Regulation 3 and Repeal of Former Regulation. The Board of Directors hereby adopts Regulation 3, Water Service Charges and Rates, of the District's Regulations Governing Water Service. Regulation 3 is attached hereto as Exhibit A and incorporated herein. Former Regulation 3, adopted September 15, 2003, is hereby repealed. This ordinance also supersedes and repeals all other prior District ordinances, codes, regulations, resolutions, policies and procedures that are inconsistent with Regulation 3.

Section 4. Flat Rate Service Charges for the Arcade Service Area. The flat rate service charges for the Arcade Service Area described in section A.1 of Regulation 3, Exhibit A hereto, are hereby adopted and made applicable to all ratepayers in the Arcade Service Area subject to flat rate service. The flat rate service charges shown in section A.1 of Regulation 3 shall take effect in three stages, beginning on May 1, 2004, with an increase on February 1, 2005, and a further increase imposed on February 1, 2006. The flat rate service charges made effective on February 1, 2006 shall remain in effect in subsequent years until adjusted by subsequent District ordinance.

Section 5. Flat Rate Service Charges for the Northridge Service Area. The flat rate service charges for the Northridge Service Area described in section A.1 of Regulation 3, Exhibit A hereto, are hereby adopted and made applicable to all ratepayers in the Northridge Service Area subject to flat rate service. The flat rate service charges shown in section A.1 of Regulation 3 shall take effect in three stages, beginning on May 1, 2004, with an increase on February 1, 2005, and a further increase imposed on February 1, 2006. The flat rate service charges made effective on February 1, 2006 shall remain in effect in subsequent years until adjusted by subsequent District ordinance.

Section 6. Metered Rate Service Charges for the Arcade Service Area. The metered rate service charges for the Arcade Service Area described in section A.2 of Regulation 3, Exhibit A hereto, are hereby adopted and made applicable to all ratepayers in the Arcade Service Area subject to metered rate service. The metered rate service charges shown in section A.2 of

Regulation 3 shall take effect in three stages, beginning on April 25, 2004, with an increase on January 25, 2005, and a further increase imposed on January 25, 2006. The metered rate service charges made effective on January 25, 2006 shall remain in effect in subsequent years until adjusted by subsequent District ordinance.

Section 7. Metered Rate Service Charges for the Northridge Service Area. The metered rate service charges for the Northridge Service Area described in section A.2 of Regulation 3, Exhibit A hereto, are hereby adopted and made applicable to all ratepayers in the Northridge Service Area subject to metered rate service. The metered rate service charges shown in section A.2 of Regulation 3 shall take effect in three stages, beginning on April 25, 2004, with an increase on January 25, 2005, and a further increase imposed on January 25, 2006. The metered rate service charges made effective on January 25, 2006 shall remain in effect in subsequent years until adjusted by subsequent District ordinance.

Section 8. Debt Service Charge for the Arcade Service Area. The debt service charge to service existing debt incurred to construct capital facilities in the Arcade Service Area and to be used to pay-off any future indebtedness incurred for the benefit of all District ratepayers described in section A.3 of Regulation 3, Exhibit A hereto, is hereby adopted and made applicable to all ratepayers in the Arcade Service Area. The debt service charge shall take effect in three stages according to the type of service provided shown in section A.3 of Regulation 3. The debt service charge for the Arcade Service Area made effective on January 25, 2006 for metered rate customers and February 1, 2006 for flat rate customers shall remain in effect in subsequent years until adjusted by subsequent District ordinance.

Section 9. Debt Service Charge for the Northridge Service Area. The debt service charge to service existing debt incurred to construct capital facilities in the Northridge Service Area and to be used to pay-off any future indebtedness incurred for the benefit of all District ratepayers described in section A.3 of Regulation 3, Exhibit A hereto, is hereby adopted and made applicable to all ratepayers in the Northridge Service Area. The debt service charge shall take effect in three stages according to the type of service provided shown in section A.3 of Regulation 3. The debt service charge for the Northridge Service Area made effective on January 25, 2006 for metered rate customers and February 1, 2006 for flat rate customers shall remain in effect in subsequent years until adjusted by subsequent District ordinance.

Section 10. Capital Improvement Charge. The capital improvement charge to finance ongoing capital improvement projects on a cash basis described in section A.4 of Regulation 3, Exhibit A hereto, is hereby adopted and made applicable to all District ratepayers. The capital improvement charge shown in section A.4 of Regulation 3 shall take effect in two stages, beginning on January 25, 2005 for all metered rate customers with a further increase imposed on January 25, 2006, and beginning on February 1, 2005 for all flat rate customers with a further increase imposed on February 1, 2006. The charges made effective on January 25, 2006 and February 1, 2006 respectively shall remain in effect in subsequent years until adjusted by subsequent District ordinance.

Section 11. Privately Owned Fire Protection Charges. The schedule of privately owned fire protection charges shown in section E of Regulation 3, Exhibit A hereto, is hereby adopted and made applicable to all District ratepayers who use or commence using such service. The fire protection charges adopted herein shall remain in effect in subsequent years until adjusted by subsequent District ordinance.

Section 12. Rate Restructuring and Increases Exclusive. All other charges provided for in any Regulation of the District not specifically restructured and/or increased in this ordinance shall remain as set forth in the Regulations Governing Water Service, adopted on February 20, 2002.

Section 13. CEQA. The Board of Directors finds that the restructuring and adjustment of water service charges is for the purposes of meeting operating expenses of the District's water utility operation (including labor, supplies, equipment and materials), meeting financial reserve needs and requirements of the District water system, and obtaining funds for water system improvements that are necessary to maintain and enhance water service 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 § 21080(b)(8); CEQA Guidelines § 15273.)

Section 14. Annual Review. The Board of Directors will annually update and review the status of implementation of the District's capitol improvement program for the purpose of determining whether an adjustment (i.e., a decrease or an increase) in the District's water charges is warranted.

Section 15. Effective Date. This ordinance shall take effect on April 15, 2004. The adjusted water service charges shall take effect as described in Regulation 3, attached hereto as Exhibit A.

Section 16. Posting. The District Secretary is directed to post a copy of this ordinance in three public places in the District within 10 days after its adoption.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the 15th day of March 2004, by the following vote:

AYES:	Bachman, Buck, Eggert, Githens, Porter, Sullivan and Williams.
NOES:	None.
ABSTAIN:	None.
ABSENT:	None.

By: _____
James B. Williams
President, Board of Directors
Sacramento Suburban Water District

I hereby certify that the foregoing ordinance was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the 15th day of March 2004.

By: _____
Robert S. Roscoe
General Manager/Secretary
Sacramento Suburban Water District

Exhibit A Regulation No. 3 Water Service Charges and Rates

A. Charges for Water Service

The District charges all Customers on a monthly basis. Customers billed on a flat rate basis are billed in advance, while metered Customers are billed in arrears. All charges are based on District costs, therefore, the basis for charges and rates are categorized on the same basis as District costs. Explanation of each charge and the related District costs are as follows:

1. Flat Rate Service Charges: This charge is based on connection size. The charge is intended to cover District operations and maintenance fixed costs, attributable to flat ratepayers.

Usage Charge: This charge is based on parcel square footage. The charge is intended to cover District operations and maintenance variable costs, attributable to flat ratepayers.

Arcade Service Area Flat Rate Customers			
Flat Rate Service Charges	May 1, 2004	February 1, 2005	February 1, 2006
Usage Charge (\$/1,000 sq. ft.)	\$ 0.45	\$ 0.62	\$ 0.79
3/4" connection	\$ 11.15	\$ 12.50	\$ 13.80
1" connection	\$ 17.55	\$ 17.80	\$ 18.05
1 1/2" connection	\$ 31.35	\$ 30.00	\$ 28.65
2" connection	\$ 47.95	\$ 44.65	\$ 41.35

Northridge Service Area Flat Rate Customers			
Flat Rate Service Charges	May 1, 2004	February 1, 2005	February 1, 2006
Commodity Charge (\$/1,000 sq. ft.)	\$ 0.63	\$ 0.79	\$ 0.79
3/4" connection	\$ 13.80	\$ 13.80	\$ 13.80
1" connection	\$ 18.05	\$ 18.05	\$ 18.05
1 1/2" connection	\$ 28.65	\$ 28.65	\$ 28.65
2" connection	\$ 41.35	\$ 41.35	\$ 41.35

2. Metered Rate Service Charges: This charge is based on meter size. The charge is intended to cover District operations and maintenance fixed costs, attributable to metered ratepayers.

Usage Charge: This charge is based on actual water usage. The charge is intended to cover District operations and maintenance variable costs, attributable to metered ratepayers.

Arcade Service Area Metered Rate Customers			
Commodity Rates (\$/ccf)	May 1, 2004	February 1, 2005	February 1, 2006
Non-Residential-Off-Peak Rate (Nov-Apr)	\$ 0.45	\$ 0.57	\$ 0.71
Non- Residential. - Peak Rate (May-Oct)	\$ 0.45	\$ 0.73	\$ 0.91
Residential - 1st Tier (0-10 CCF)	\$ 0.60	\$ 0.60	\$ 0.60
Residential - 2nd Tier (11+ CCF)	\$ 0.79	\$ 0.79	\$ 0.79
Metered Service Charge			
3/4" meter	\$ 8.15	\$ 7.80	\$ 7.80
1" meter	\$ 14.55	\$ 12.05	\$ 12.05
1 1/2" meter	\$ 28.35	\$ 22.65	\$ 22.65
2" meter	\$ 44.95	\$ 35.35	\$ 35.35
3" meter	\$ 92.20	\$ 65.10	\$ 65.10
4" meter	\$ 164.55	\$ 107.60	\$ 107.60
6" meter	\$ 362.40	\$ 213.60	\$ 213.60
8" meter	\$ 652.40	\$ 384.50	\$ 384.50
10" meter	\$ 1,051.10	\$ 619.50	\$ 619.50

Northridge Service Area Metered Rate Customers			
Commodity Rates (\$/ccf)	May 1, 2004	February 1, 2005	February 1, 2006
Non-Residential-Off-Peak Rate (Nov-Apr)	\$ 0.71	\$ 0.71	\$ 0.71
Non- Residential. - Peak Rate (May-Oct)	\$ 0.91	\$ 0.91	\$ 0.91
Residential - 1st Tier (0-10 CCF)	\$ 0.60	\$ 0.60	\$ 0.60
Residential - 2nd Tier (11+ CCF)	\$ 0.79	\$ 0.79	\$ 0.79
Metered Service Charge			
3/4" meter	\$ 7.80	\$ 7.80	\$ 7.80
1" meter	\$ 12.05	\$ 12.05	\$ 12.05
1 1/2" meter	\$ 22.65	\$ 22.65	\$ 22.65
2" meter	\$ 35.35	\$ 35.35	\$ 35.35
3" meter	\$ 65.10	\$ 65.10	\$ 65.10
4" meter	\$ 107.60	\$ 107.60	\$ 107.60
6" meter	\$ 213.60	\$ 213.60	\$ 213.60
8" meter	\$ 384.50	\$ 384.50	\$ 384.50
10" meter	\$ 619.50	\$ 619.50	\$ 619.50

3. Debt Service Charge: This charge is based on meter/connection size and property location. This charge covers District debt principal payments and interest expenses.

Arcade Service Area All Customers			
Debt Service Charge	May 1, 2004	February 1, 2005	February 1, 2006
3/4" connection	\$ 10.55	\$ 10.55	\$ 10.55
1" connection	\$ 17.60	\$ 17.60	\$ 17.60
1 1/2" connection	\$ 35.15	\$ 35.15	\$ 35.15
2" connection	\$ 56.25	\$ 56.25	\$ 56.25
3" connection	\$ 105.50	\$ 105.50	\$ 105.50
4" connection	\$ 175.85	\$ 175.85	\$ 175.85
6" connection	\$ 351.65	\$ 351.65	\$ 351.65
8" connection	\$ 633.00	\$ 633.00	\$ 633.00
10" connection	\$ 1,019.85	\$ 1,019.85	\$ 1,019.85

Northridge Service Area All Customers			
Debt Service Charge	May 1, 2004	February 1, 2005	February 1, 2006
3/4" connection	\$ 10.65	\$ 10.65	\$ 10.65
1" connection	\$ 17.75	\$ 17.75	\$ 17.75
1 1/2" connection	\$ 35.50	\$ 35.50	\$ 35.50
2" connection	\$ 56.80	\$ 56.80	\$ 56.80
3" connection	\$ 106.50	\$ 106.50	\$ 106.50
4" connection	\$ 177.50	\$ 177.50	\$ 177.50
6" connection	\$ 355.00	\$ 355.00	\$ 355.00
8" connection	\$ 639.00	\$ 639.00	\$ 639.00
10" connection	\$ 1,029.50	\$ 1,029.50	\$ 1,029.50

Northridge Service Area Arvin Customers Only			
Additional Debt Service Charge	May 1, 2004	February 1, 2005	February 1, 2006
3/4" connection	\$ 6.95	\$ 6.95	\$ 6.95
1" connection	\$ 11.60	\$ 11.60	\$ 11.60
1 1/2" connection	\$ 23.15	\$ 23.15	\$ 23.15
2" connection	\$ 37.05	\$ 37.05	\$ 37.05
3" connection	\$ 69.50	\$ 69.50	\$ 69.50
4" connection	\$ 115.85	\$ 115.85	\$ 115.85
6" connection	\$ 231.65	\$ 231.65	\$ 231.65
8" connection	\$ 417.00	\$ 417.00	\$ 417.00
10" connection	\$ 671.85	\$ 671.85	\$ 671.85

4. Capital Improvement Charge: This charge is based on meter/connection size. Monies collected will be used to pay for ongoing capital improvement projects.

All Customers			
Capital Improvement Charge	May 1, 2004	February 1, 2005	February 1, 2006
3/4" connection	\$ -	\$ 1.50	\$ 3.00
1" connection	\$ -	\$ 2.50	\$ 5.00
1 1/2" connection	\$ -	\$ 5.00	\$ 10.00
2" connection	\$ -	\$ 8.00	\$ 16.00
3" connection	\$ -	\$ 15.00	\$ 30.00
4" connection	\$ -	\$ 25.00	\$ 50.00
6" connection	\$ -	\$ 50.00	\$ 100.00
8" connection	\$ -	\$ 90.00	\$ 180.00
10" connection	\$ -	\$ 145.00	\$ 290.00

B. Service Charge

1. For each new account to be established, a service charge shall be assessed and added to the first or opening water bill for payment in accordance with the following provisions:

Service charge with water service already on. \$5.00

Service charge during regular business hours,
which requires restoration of water. \$10.00

2. Other than an emergency, to locate a service or shut-off water service after regular business hours the District's minimum charge will be **\$75.00**.

C. Temporary Turn-On Charge

When water service has been terminated for non-payment or put into an inactive status, and temporary (24-hour maximum) service is required for third-party inspection purposes, a non-refundable charge of **\$20.00** shall be paid before service is turned on.

D. Backflow Prevention Program

A monthly charge shall be paid to fund the District's backflow prevention program. This charge shall be billed monthly to each landowner whose parcel contains a backflow prevention device. The charges shall include, but are not limited to, administering the program, monitoring the program, notifying Customers for testing and retesting, compiling results and delivering of results to the Department of Health Services (DOHS). The charge shall be determined once each year based on program expenses and the number of devices within the District. The current charge for the backflow prevention program shall be **\$4.00** for all connection sizes.

If a Customer requests the District test a backflow device, the District will impose a backflow test charge of **\$105.00**, plus labor and materials if repairs are required. The charge includes the fee for a County tag.

E. Privately-Owned Fire Protection Systems

A monthly charge shall be paid for water service at un-metered connections to the District's Water System that are equipped with a detector check assembly satisfactory to the District and DOHS and which supplies water to privately-owned and maintained sprinklers used exclusively for fire fighting, irrespective of the quantity of water used and based on the size of the fire service assembly as follows:

Private Fire Service			
Size	May 1, 2004	February 1, 2005	February 1, 2006
2-inch	\$ 9.45	\$ 9.45	\$ 9.45
3-inch	\$ 17.75	\$ 17.75	\$ 17.75
4-inch	\$ 28.85	\$ 28.85	\$ 28.85
6-inch	\$ 57.45	\$ 57.45	\$ 57.45
8-inch	\$ 101.65	\$ 101.65	\$ 101.65
10-inch	\$ 158.80	\$ 158.80	\$ 158.80

F. Security Deposits

Whenever a Customer's credit rating becomes unacceptable to the District because of non-payment of the billed water rate, a cash deposit shall be required in accordance with the schedule set below:

1. Residential Customers shall be required to pay the sum equal to two (2) months water charge, but not less than **\$20.00**.
2. Business Customers shall be required to pay the sum equal to three (3) times the estimated water bill, but not less than **\$40.00**.

The District will apply the security deposit to any account owing to the District, which is delinquent for more than 30 days and will notify the Customer of such application. Water service may be terminated if the account is not fully paid and the security deposit restored, subject to the conditions and procedures described in Section B of Regulation No. 6.

The security deposit will be returned to the Customer without interest, upon termination of the service and payment of all rates and charges owed to the District by the Customer, or at such earlier time as the District may determine that the credit of the Customer is satisfactory. Guarantee deposits, which remain unclaimed after the expiration of five (5) years from the date the deposit became refundable will become property of the District.

For the purpose of this Regulation 3, determination of whether a Customer's credit is satisfactory shall be made solely by the District. The credit of a Customer who has paid all rates and charges without default for twelve months shall be deemed satisfactory.

G. Payments

Any monies received on an account will be applied first to the oldest outstanding charges.