

RESOLUTION NO. 2015-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ADOPTING INCREASES IN DISTRICT WASTEWATER AND WATER SERVICE FEES

WHEREAS, the Lake Arrowhead Community Services District (“District”) is organized and operates pursuant to the California Government Code Section 61000, *et seq.*; and

WHEREAS, the District is authorized to fix and collect charges for the provision of services and facilities, including wastewater and water services pursuant to Government Code Sections 61115 and 61120; and

WHEREAS, the District’s rate structure for the Wastewater Service Fees has two customer classes: residential and commercial/institutional; and

WHEREAS, the District provides water within three service areas: Arrowhead Woods, Deer Lodge Park, and Rimforest; and

WHEREAS, the District engaged an independent consultant to prepare a cost of service study for the District’s Water Service Fees imposed within the Arrowhead Woods and Deer Lodge Park service areas and the District’s Wastewater Service Fees; and

WHEREAS, based on that analysis the District has determined that due to requirements for repairing, rehabilitating, and replacing existing infrastructure, it is necessary to increase the rates for its Wastewater Service Fees and the Water Service Fees in the Arrowhead Woods and Deer Lodge Park service areas (collectively, the “Fees”); and

WHEREAS, the rate structure for commercial/institutional Wastewater Service Fees is comprised of two components—a fixed monthly charge and a volumetric (flow based) charge. The fixed monthly charge is structured to recover a portion of the fixed costs of operating and maintaining the wastewater system. The variable charge is determined on the basis of the amount of metered water delivered to the property and assumptions of the amount of water returned to the sewer and treated at the District’s wastewater treatment plant. The variable volumetric charge is structured to recover a proportionate share of the District’s variable costs of operating and maintaining the wastewater system; and

WHEREAS, the rates for the District’s Water Service Fees within the Arrowhead Woods and Deer Lodge Park service areas have two components: (1) a monthly fixed charge; and (2) a variable volume (water consumption-based) charge. The rates for the monthly fixed charge are established on the basis of the size of the meter at the property receiving water service and are calculated to recover a significant portion of the District’s fixed costs, such as water facilities repairs and replacements, meter reading, billing, and customer service. The rates for the variable volume charge are calculated on the basis of the cost of developing water supplies (ground water and surface water), purchasing water from other sources than Lake Arrowhead, managing the District’s water resources, and distributing water throughout the system to customers; and

WHEREAS, the rate structure for the Water Service Fees within the Arrowhead Woods service area has three customer classes: residential, commercial/institutional, and irrigation; and

WHEREAS, for residential customers within the Arrowhead Woods service area, the variable volume charges consist of four tiers which impose higher rates per unit of water as the level of consumption increases based on the costs incurred by the District as a result of the higher consumptive use. For commercial/institutional and irrigation customers, the tiers are being phased out and, after two years all units for this customer class will be charged at the same rate, or a uniform rate; and

WHEREAS, the rate structure for the Water Service Fees within Deer Lodge Park service area is the same for all customers being served; and

WHEREAS, for customers within Deer Lodge Park, the variable volume charge has two tiers which impose higher rates per unit of water as the level of consumption increases based on the costs incurred by the District as a result of the higher consumptive use; and

WHEREAS, in addition to the Water Service Fees described above, the District also imposes a monthly fixed private Fire Protection meter Fee on certain properties in both the Arrowhead Woods and Deer Lodge Park service areas as a condition of extending or initiating water service by (1) the installation of a private fire suppression systems, and (2) upon the request of the consumer or property owner for the delivery of water to the property for the purpose of private fire service protection. The rates for the monthly Fire Protection meter Fees are established on the basis of the size of the meter through which water is delivered and are calculated to recover the cost of providing water to such properties for private fire service protection; and

WHEREAS, the state of California is experiencing an unprecedented drought and the Lake Arrowhead community has responded by reducing its water consumption. As a result of these conservation efforts, the Water Enterprise and the Deer Lodge Park Enterprise have generated less revenue from their variable volume charges. Drought Surcharges are proposed in the event the drought continues and the District needs to offset further revenue losses arising out of reductions in water usage. Such Drought Surcharges are intended to insure that the District recovers sufficient revenues to recover its costs of providing water service; and

WHEREAS, the rates for the drought surcharge are different depending on what water shortage stage the District has in effect and would be paid in addition to the volume charges then in effect;

WHEREAS, the revenues derived from the proposed rates and Fees will not exceed the funds required to provide the services and shall be used exclusively for the operation and maintenance of the water and wastewater systems; and

WHEREAS, the amount of the proposed Fees will not exceed the proportional cost of the services attributable to each parcel upon which they are proposed for imposition; and

WHEREAS, the proposed Fees will not be imposed on a parcel unless the services are actually used by, or immediately available to, the parcel; and

WHEREAS, Article XIII D, section 6 of the California Constitution (“Article XIII D”) requires that prior to imposing any increase to the Fees, the District shall provide written notice (the “Notice”) by mail of the proposed Fees to the record owner of each parcel upon which the Fees are proposed for imposition and any tenant directly liable for the payment of the Fees, the amount of the Fees proposed to be imposed on each parcel, the basis upon which the Fees were calculated, the reason for the Fees, and the date time and location of a public hearing (the “Hearing”) on the proposed Fees; and

WHEREAS, pursuant to Article XIII D such Notice is required to be provided to the affected property owners and any tenant directly liable for the payment of the Fees not less than forty-five days prior to the Hearing on the proposed Fees; and

WHEREAS, the District did provide such Notice to the affected property owners and tenants in compliance with Article XIII D; and

WHEREAS, the Hearing was held on December 8, 2015; and

WHEREAS, the District also discussed the proposed rate and fee changes at regular meetings of the Board of Directors to provide additional background information in order to provide customers and the community with information regarding the proposed changes in the Fees, including written notice of proposed rates in compliance with Article XIII D, requirements which are the subject of this Resolution; and

WHEREAS, at the Hearing, the Board of Directors of the District (“Board”) considered all written materials and heard and considered all oral testimony concerning the establishment and imposition of the proposed increases to the Fees, and at the close of the Hearing the District determined that it did not receive written protests against the establishment and imposition of the proposed increases to the Fees from a majority of the affected property owners and tenants directly liable for the payment of such Fees; and

WHEREAS, the Board of Directors now desires to establish and adopt the proposed Fees.

THE BOARD OF DIRECTORS OF THE LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT DOES HEREBY ORDAIN AS FOLLOWS:

1. Incorporation of Recitals:

The Recitals set forth above are made findings and determinations of the Board of Directors and are incorporated herein and made an operative part of this Resolution.

2. Inconsistency with other Fees:

To the extent any Fees established by this Resolution are inconsistent with Fees previously adopted; it is the explicit intention of the Board of Directors of the Lake Arrowhead Community Services District that the Fees adopted pursuant to this Resolution shall prevail.

3. Wastewater Service Fees:

The Board hereby adopts the monthly Residential, Commercial and Institutional Wastewater Service Fees in the amounts, at the rates, and on the effective dates set forth in Exhibit A, attached hereto and incorporated herein by reference.

4. Arrowhead Woods Water Service Fees:

The Board hereby adopts the monthly Residential, Commercial and Institutional Water Service Fees in the amounts, at the rates, and on the effective dates set forth in Exhibit B, attached hereto and incorporated herein by reference.

5. Fire Protection Meter Fees:

The Board hereby adopts the monthly Fire Protection Meter Fees in the amounts, at the rates, and on the effective dates set forth in Exhibit D.

6. Deer Lodge Park Water Service Fees:

The Board hereby adopts the monthly Residential Water Service Fees in the amounts, at the rates, and on the effective dates set forth in Exhibit C, attached hereto and incorporated herein by reference.

7. Drought Surcharges:

The Board hereby adopts the Drought Surcharges in the amounts and at the rates set forth in Exhibits B and C. The Drought Surcharges may be implemented by the adoption of a resolution of the Board of Directors during a declared water shortage stage 1, 2, or 3. Any Drought Surcharges implemented by the Board of Directors shall be in addition to the Volume Charges set forth in Exhibits B and C, and applicable to services provided on or after the effective date of the resolution implementing such Drought Surcharges.

8. Authorization:

The General Manager is hereby authorized and directed to take all actions necessary to implement and collect the Fees set forth herein.

9. CEQA Compliance

The Board of Directors finds that the administration, operation, maintenance, and improvements of the District water and wastewater systems, which are to be funded by the Fees and set forth herein, are necessary to maintain service within the District's existing water and wastewater service areas as described herein. The Board of Directors further finds that the administration, operation, maintenance and improvements of the District water and wastewater systems, to be funded by the Fees, will not expand the District's water and wastewater systems. The Board of Directors further finds that the adoption of the rates and charges is necessary and reasonable to fund the administration, operation, maintenance and improvements of the District water and wastewater systems. Based on these findings, the Board determines that the adoption

of the Fees established by this Resolution are exempt from the requirements of the California Environmental Quality Act pursuant to section 21080(b)(8) of the Public Resources Code and section 15273(a) of the State CEQA Guidelines.

10. Severability.

If any section, subsection, clause or phrase in this Resolution No. 2015-12 or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution No. 2015-12 or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board hereby declares that it would have passed Resolution No. 2015-12 and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof to any person or circumstance be held invalid.

ADOPTED by the Board of Directors of the Lake Arrowhead Community Services District at a special meeting held on December 8, 2015 by the following votes:

AYES: Gross, Keefe, Thompson, and Wurm

NOES: None

ABSTENTIONS: None

ABSENT: Boydston



Bill Thompson, President of the Lake Arrowhead Community Services District Board of Directors

ATTEST:

Kathleen Field
Kathleen Field, Secretary of the Lake Arrowhead Community Services District and to the Board of Directors

(SEAL)

CERTIFICATION

I, Kathleen Field, Board Secretary of the Lake Arrowhead Community Services District, hereby certify that the foregoing is a full, true and correct copy of **Resolution No. 2015-12** adopted by the Board of Directors of said Agency at the special meeting of said Board held on the **8th day of December, 2015**, by the following vote:

AYES: Gross, Keefe, Thompson, and Wurm

NOES: None

ABSTENTIONS: None

ABSENT: Boydston

Kathleen Field

Kathleen Field, Secretary to the Lake
Arrowhead Community Services District
and to the Board of Directors

Exhibit A

Wastewater Service Fees

Wastewater - Residential		Proposed	Proposed	Proposed	Proposed	Proposed
Description	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
Monthly Fixed Fee	\$ 48.28	\$ 48.28	\$ 49.97	\$ 51.72	\$ 53.53	\$ 55.40

Wastewater - Commercial		Proposed	Proposed	Proposed	Proposed	Proposed
Description	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
Monthly Fixed Fee	\$ 48.28	\$ 48.28	\$ 49.97	\$ 51.72	\$ 53.53	\$ 55.40
Volume Fee* >5CCF	\$ 6.99	\$ 6.99	\$ 7.23	\$ 7.48	\$ 7.74	\$ 8.01

*Volume Fee applies to water usage over 5 CCF's per month.
One Billing Unit is One Hundred Cubic Feet (CCF) or 748 gallons.

Exhibit B

Residential, Commercial & Irrigation - Arrowhead Woods Water Service Fees

Monthly Fixed Fee (\$/Month)		Proposed	Proposed	Proposed	Proposed	Proposed
Meter Size	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
3/4" or smaller	\$ 34.38	\$ 36.24	\$ 38.23	\$ 40.14	\$ 42.19	\$ 44.51
1"	\$ 84.23	\$ 88.78	\$ 93.66	\$ 98.34	\$ 103.36	\$ 109.04
1 1/2"	\$ 168.46	\$ 177.56	\$ 187.33	\$ 196.70	\$ 206.73	\$ 218.10
2"	\$ 269.19	\$ 283.73	\$ 299.34	\$ 314.31	\$ 330.34	\$ 348.51
3"	\$ 538.72	\$ 567.81	\$ 599.04	\$ 628.99	\$ 661.07	\$ 697.43
4"	\$ 841.60	\$ 887.04	\$ 935.83	\$ 982.62	\$ 1,032.73	\$ 1,089.53
6"	\$ 1,683.21	\$ 1,774.10	\$ 1,871.68	\$ 1,965.26	\$ 2,065.49	\$ 2,179.09

Residential Volume Charge (\$/CCF)

\$ per Billing Unit ¹		Proposed	Proposed	Proposed	Proposed	Proposed
Tier Volume	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
Tier 1: 0 - 4 CCF	\$ 1.18	\$ 1.22	\$ 1.26	\$ 1.30	\$ 1.34	\$ 1.39
Tier 2: 5 - 13 CCF	\$ 2.24	\$ 2.32	\$ 2.39	\$ 2.47	\$ 2.54	\$ 2.64
Tier 3: 14 - 30 CCF	\$ 6.64	\$ 6.87	\$ 7.09	\$ 7.32	\$ 7.54	\$ 7.82
Tier 4: 31 + CCF	\$ 13.84	\$ 14.31	\$ 14.78	\$ 15.25	\$ 15.72	\$ 16.30

Irrigation Volume Charge (\$/CCF)

\$ per Billing Unit ¹		Proposed	Proposed	Proposed	Proposed	Proposed
Tier Volume	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
Tier 1: 0 - 13 CCF	\$ 2.25	\$ 3.00	\$ 4.25	n/a	n/a	n/a
Tier 2: 14 + CCF	\$ 13.84	\$ 11.15	\$ 8.30	n/a	n/a	n/a
All Units	n/a	n/a	n/a	\$ 7.15	\$ 7.50	\$ 7.90

Commercial Volume Charge (\$/CCF)

\$ per Billing Unit ¹		Proposed	Proposed	Proposed	Proposed	Proposed
Tier Volume	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
Tier 1	\$ 3.11	\$ 3.41	\$ 3.81	n/a	n/a	n/a
Tier 2	\$ 6.21	\$ 5.50	\$ 4.15	n/a	n/a	n/a
Tier 3	\$ 12.93	\$ 10.50	\$ 4.60	n/a	n/a	n/a
All Units	n/a	n/a	n/a	\$ 4.00	\$ 4.15	\$ 4.32

Drought Rate Surcharges - Arrowhead Woods Residential (\$/CCF)

\$ per Billing Unit ¹		Proposed	Proposed	Proposed	Proposed	Proposed
Tier Volume	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
Stage 1 all units	\$ -	\$ 0.79	\$ 0.82	\$ 0.84	\$ 0.87	\$ 0.90
Stage 2 all units	\$ -	\$ 1.81	\$ 1.87	\$ 1.93	\$ 1.99	\$ 2.06
Stage 3 all units	\$ -	\$ 7.00	\$ 7.22	\$ 7.46	\$ 7.68	\$ 7.97

Drought Rate Surcharges - Arrowhead Woods Irrigation (\$/CCF)

\$ per Billing Unit ¹		Proposed	Proposed	Proposed	Proposed	Proposed
Tier Volume	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
Stage 1 all units	\$ -	\$ 1.49	\$ 1.35	\$ 1.41	\$ 1.48	\$ 1.56
Stage 2 all units	\$ -	\$ 4.91	\$ 4.45	\$ 4.65	\$ 4.88	\$ 5.13
Stage 3 all units	\$ -	\$ 36.48	\$ 33.05	\$ 34.56	\$ 36.23	\$ 38.14

Drought Rate Surcharges - Arrowhead Woods Commercial (\$/CCF)

\$ per Billing Unit ¹		Proposed	Proposed	Proposed	Proposed	Proposed
Tier Volume	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
Stage 1 all units	\$ -	\$ 0.66	\$ 0.69	\$ 0.72	\$ 0.75	\$ 0.78
Stage 2 all units	\$ -	\$ 2.07	\$ 2.17	\$ 2.25	\$ 2.34	\$ 2.43
Stage 3 all units	\$ -	\$ 6.15	\$ 6.45	\$ 6.69	\$ 6.95	\$ 7.23

¹One Billing Unit is One Hundred Cubic Feet or 748 gallons.

Exhibit C

Deer Lodge Park Water Service Fees

Monthly Fixed Fee (\$/Month)		Proposed	Proposed	Proposed	Proposed	Proposed
Meter Size	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
3/4" or smaller	\$ 24.32	\$ 27.48	\$ 31.05	\$ 35.09	\$ 39.65	\$ 44.51
1"	\$ 59.59	\$ 67.34	\$ 76.09	\$ 85.98	\$ 97.16	\$ 109.04
1 1/2"	\$ 119.17	\$ 134.66	\$ 152.17	\$ 171.95	\$ 194.30	\$ 218.10
2"	\$ 190.43	\$ 215.19	\$ 243.16	\$ 274.77	\$ 310.49	\$ 348.51

Deer Lodge Park Volume Charge (\$/CCF)

\$ per Billing Unit ¹		Proposed	Proposed	Proposed	Proposed	Proposed
Tier Volume	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
Tier 1: 0 - 10 CCF	\$ 3.27	\$ 3.45	\$ 3.60	\$ 3.75	\$ 3.90	\$ 4.10
Tier 2: 11 + CCF	\$ 3.90	\$ 4.12	\$ 4.30	\$ 4.48	\$ 4.66	\$ 4.90

Drought Rate Surcharges - Deer Lodge Park (\$/CCF)

\$ per Billing Unit ¹		Proposed	Proposed	Proposed	Proposed	Proposed
Tier Volume	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
Stage 1 all units	\$ -	\$ 0.85	\$ 0.89	\$ 0.93	\$ 0.97	\$ 1.01
Stage 2 all units	\$ -	\$ 2.16	\$ 2.16	\$ 2.16	\$ 2.16	\$ 2.16
Stage 3 all units	\$ -	\$ 9.63	\$ 9.63	\$ 9.63	\$ 9.63	\$ 9.63

¹One Billing Unit is One Hundred Cubic Feet or 748 gallons.

Exhibit D

Fire Protection Meters - Arrowhead Woods & Deer Lodge Park

Monthly Fixed Fee (\$/Month)		Proposed	Proposed	Proposed	Proposed	Proposed
Meter Size	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
1"	\$ 12.00	\$ 12.54	\$ 13.10	\$ 13.69	\$ 14.31	\$ 15.03
1 1/2"	\$ 15.83	\$ 16.54	\$ 17.28	\$ 18.06	\$ 18.87	\$ 19.81
2"	\$ 17.76	\$ 18.56	\$ 19.40	\$ 20.27	\$ 21.18	\$ 22.24
3"	\$ 27.83	\$ 29.08	\$ 30.39	\$ 31.76	\$ 33.19	\$ 34.85
4"	\$ 37.16	\$ 38.83	\$ 40.58	\$ 42.41	\$ 44.32	\$ 46.54
6"	\$ 51.33	\$ 53.64	\$ 56.05	\$ 58.57	\$ 61.21	\$ 64.27

Fire Protection Volume Charge (\$/CCF)

\$ per Billing Unit ¹		Proposed	Proposed	Proposed	Proposed	Proposed
Tier Volume	Current	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019	Jan 1, 2020
Tier 1: 0 - 4 CCF	\$ 1.18	\$ 1.22	\$ 1.26	\$ 1.30	\$ 1.34	\$ 1.39
Tier 2: 5 - 13 CCF	\$ 2.24	\$ 2.32	\$ 2.39	\$ 2.47	\$ 2.54	\$ 2.64
Tier 3: 14 - 30 CCF	\$ 6.64	\$ 6.87	\$ 7.09	\$ 7.32	\$ 7.54	\$ 7.82
Tier 4: 31 + CCF	\$ 13.84	\$ 14.31	\$ 14.78	\$ 15.25	\$ 15.72	\$ 16.30

¹One Billing Unit is One Hundred Cubic Feet or 748 gallons.