

RESOLUTION NO. 2019-~~2~~

RESOLUTION OF THE BOARD OF DIRECTORS OF THE GAQUET  
COMMUNITY SERVICES DISTRICT DETERMINING THAT THERE WAS NO  
MAJORITY PROTEST OF THE PROPOSED WATER RATE INCREASE AND  
ADOPTING UPDATED WATER SERVICE RATES

**RECITALS**

WHEREAS, the Gasquet Community Services District ("District" or "GCSD") was formed in 1968 and operates a community public water system that provides drinking water services for domestic use and fire protection within the unincorporated community of Gasquet, California, serving approximately 516 single and multiple-unit customers. The GCSD currently serves 516 single and multiple-unit customers; and

WHEREAS, the District's water system is operated as a self-supporting utility enterprise; and

WHEREAS, the District's Board of Directors has a fiduciary responsibility to set water service rates to fund the ongoing operating and capital needs of the District water system, including providing for normal facility operations, replacement and repair of equipment, capital improvements required to meet state and federal regulatory requirements and the community's needs, inflation and other costs; and

WHEREAS, a clarification in legal requirements has necessitated the District to change its system of rates from a tiered rated to uniform block rates. Based on the uniform block rates, all customers are charged the same rates per cubic foot purchased, and the same base rate, depending on the customer's meter size. The new base rate does not include any base volume of water as it did in the past.

WHEREAS, unless reasonable and lawful rates are charged, the District would be unable to obtain grants and loans, which grants and loans would serve to reduce the burden on the ratepayer for the cost of future projects, thereby helping to avoid the imposition of higher rates charged to District water users in the future.

WHEREAS, in order to update the District's water financial plans and to recommend rates based on the financial plans to comply with current law the District utilized the services of a consultant, the Rural Community Assistance Corporation ("RCAC"), to perform a financial analysis to project required water rates and to classify the District's reserves into categories conforming with standards consistent with the American Waterworks Association (the Report"). This classification system would recharacterize the present reserve into four

categories: 1) Debt Reserve (of which the District presently has none); Operating Reserve; Emergency Reserve; and a Capital Replacement Reserve. The results of the Report were discussed and considered in the District's meeting on June 9, 2018.

WHEREAS, on June 28, 2018 the District adopted Resolution 2018-01 determining to proceed to continue adoption of the Report's recommendations and to set a hearing and process compliance with Proposition 218 in the event rates recommended were adopted or to be modified. Notice of Public Hearing was published and sent to all customers and property owners informing them of the date and time of a public hearing and of their right to protest to the proposed rate modifications in properly marked envelopes.

WHEREAS, recommendations in the Report concerning water services rates include increasing the annual rate increase in each of the next five fiscal years, and charging certain fixed monthly charges regardless of the amount of water actually used; and

WHEREAS, recommendations in the Report concerning flat rates based on the amount of water used, depend on the size of the meter serving the property. The rates would be adjusted to increase 2.5% per year over a five-year period. The typical homeowner has a 3/4 inch water meter. The District has determined to select a lower base rate and adopt a higher usage rate thus encouraging water conservation. The base rate for the 3/4 inch size meter would be \$24.12. The base rate would be adjusted by 2.5% annually for the next five years.

WHEREAS, the usage rate for District ratepayers will be converted to a uniform usage rate for single and multifamily customers, instead of the previous tiered rate structure. The new Usage Charge per 100 CF is \$2.20 for both single and multiple unit customers. This usage rate is down from the current \$2.28 per 100 CF. However, there is no "free" water included in the base rate; the usage rate applies for all water purchased. This is a requirement for Prop 218.

WHEREAS, the Report demonstrated that the recommended rates do not exceed the reasonable cost of providing water services and, as such, the proposed rates are not being levied for general revenue purposes; and

WHEREAS, the proposed rates reflect the cost of providing service to all customers and customer classes through the apportionment of costs based on customer, capacity, and demand characteristics; and

WHEREAS, on September 10, 2018 a Public Hearing was held. members

WHEREAS, in accordance with Government Code Section 50076, fees that do not exceed the reasonable cost of providing the service or regulatory activity for which the fees are charged and which are not levied for general revenue purposes are not special taxes; and

WHEREAS, at least forty-five days in advance of the public hearing at which this Resolution was considered, notice of the public hearing, and notice of oral and written protest procedures against the proposed rates increases, were mailed to all property owners and customers in compliance with California Constitution Article XIII D, Section 6; and

WHEREAS, the District was advised by a consultant on the requirements of Proposition 218 and the District believes that it has complied with all of the requirements of Government Code §53753; and

WHEREAS, in 2005 California adopted a principal act, in Senate Bill 135, Chapter 249, which at Section 61123(b) the act requires that, before imposing or increasing any fee for property-related services, a board of directors shall follow the procedures in Section 6 of Article XIID of the California Constitution.

WHEREAS, California Health and Safety Code §5471 provides for an alternative procedure for the adoption of water rates and charges by resolution adopted by a two-thirds vote of the members of the legislative body.

WHEREAS, at the conclusion of the public hearing, the District Secretary confirmed that no written and oral protests were received and reported that there was not a majority protest of the proposed water services rate increase by owners or authorized representatives of identified parcels receiving such services.

### **FINDINGS**

WHEREAS, based on the information presented, including the report and comments made by members of the public, the Board of Directors of the Gasquet Community Services District finds as follows:

A. The purposes of the updated water rates established pursuant to this Resolution are to (1) recover the reasonable estimated cost of the services for which the rates are charged; (2) provide that such costs are allocated among District customers so as to bear a fair and reasonable relationship to customers' burdens on and benefits from District water services; (3) secure the financial stability of the water systems; (4) ensure high quality services; and (5) provide a sound financial plan that meets existing debt service obligations, which will assist in funding capital improvement projects.

B. The updated water rates established pursuant to this resolution are not levied for general revenue purposes.

C. The rates set forth in this Resolution are intended to meet operating expenses, meet financial reserve needs and requirements, secure funding for capital improvement projects to maintain service with existing service areas, and recover costs necessary to maintain the current level of District water services. As such, adoption of the rates proposed in the Report, as they relate to provision of water services to District customers, is not a "project" within the meaning of the California Environmental Quality Act or C.E.Q.A. (Public Resources Code § 21080(b)(8)(A, C, and D)).

D. In adopting the rates set forth in this resolution, the Board of Directors of the Gasquet Community Services District is exercising its powers under Government code §61123(a).

E. The record of proceedings ("Record") establishes that the costs listed in the Report as those incurred by the District in providing water services to District customers are reasonable estimates of the cost of providing such services, and that the revisions recommended in the Report for existing water service rates are necessary to recover the reasonable, estimated cost of providing such services for which the rates are charged, to allocate such costs among District customers so that they bear a fair and reasonable relationship to customers, and to secure the financial stability of the District's water system in accordance with the analyses contained in the Report.

F. The procedures followed and the rates adopted are in compliance with California Constitution Article XIII D.

G. There were no protests of the proposed water services rate increase by a majority of owners, or authorized representatives, of identified parcels receiving such services.

### **ADOPTION OF RATES**

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE GASQUET COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

#### Section 1. Definitions.

a. "District Customer" shall mean any person, corporation, or other entity that receives District water services, regardless of whether District water services are provided to property within the District, or property outside the boundaries of the District.

b. "Rates" shall mean the charge or charges imposed on District Customers to recover the costs incurred by the District in providing water services.

Section 2. Water Rates Imposed. The Rates set forth in Exhibit "A", attached, are hereby approved and adopted and, where applicable, said Rates shall supersede and replace the rates set forth in previous District Resolutions. Rates shall apply to and be paid by District Customers at the times, and in the amounts, and otherwise apply and be administered as prescribed in this Resolution.

Section 3. Time for Payment of Rates. District Customers shall pay the Rates as prescribed in bills issued to District Customers, subject to all applicable regulation, requirements and penalties for non-compliance pursuant to the State law and other applicable law.

Section 4. Rate Amounts. The water Rate applicable shall be as specified in the rate schedule attached as Exhibit A to this Resolution, which schedule is hereby incorporated into this Resolution.

Section 5. User of Rate Revenue. The revenues raised by payment of the Rates shall be used to fund the estimated reasonable cost of providing the services for which the Rates are charged, and the Rate revenues shall not be used for general revenues purposes.

Section 6. Subsequent Analysis and Revision of the Rates. The Rates set herein are adopted and implemented by the District in reliance on the Record identified above. The District may continue to conduct further study and analyses to determine whether the Rates should be revised. When additional information is available, the District may review the rates to determine that the Rate amounts do not exceed the estimated reasonable cost of providing the services for which the Rates are charged.

Section 7. Effective Date. This Resolution will become effective sixty-one days following its adoption.

Section 8. Implementation. The District hereby authorizes and directs the Chair to take any action and sign any documents necessary to implement this Resolution.

Section 9. CEQA Exemption. The Board finds that this resolution calling a mail ballot election does not meet the definition of a project for the purposes of the California Environmental Quality Act, under Public Resources Code Section 21065 and CEQA Guidelines Section 15378(b)(5), because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment. The District Board's review and adoption of changing the water is not a project under CEQA Guidelines mechanisms which do not involve commitment to any specific project which may result in a potentially significant environmental impact. Thus, no environmental analysis is required at this time.

Section 10. Execution. The Chair and District Secretary are authorized to subscribe this Resolution where indicated below to evidence its approval by the Board of Directors.

Introduced and adopted as a resolution of the Board of Directors of the Gasquet Community Services District at a regular meeting of the Board of Directors held on April 8, 2019 by the following vote:

AYES:

NAYS:

ABSENT:

*Mill*  
*W.D.*  
*in for*  
*Martha Wagner*

*Mill*  
\_\_\_\_\_  
Mark Dodd, Chair

Attest:  
*Eileen Rutledge*  
\_\_\_\_\_  
Eileen Rutledge, Secretary

# Exhibit A

## Water Rates

The rate structure for water service fees shall have two components:

(1) a fixed monthly base charge. The first component is a fixed amount calculated to recover the CSD's fixed costs of operating and maintaining the water system and is based on the potential volume of water a customer could potentially draw, as determined by the size of their water meter; and

(2) a variable (water consumption-based) usage rate. The variable component of the rate structure is based on water consumption.

The Base Charges are determined to fund 60% of the District's fixed expenses.

Water rates will increase over a five-year period instead of a large one-time adjustment.

### Adopted GCSO Standard: Base Rate Calculation

Meter Size	Proposed Base Charge for Year 1	Year 2	Year 3	Year 4	Year 5
	Future Increase	2.50%	2.50%	2.50%	2.50%
3/4"	\$24.12	\$24.73	\$25.34	\$25.98	\$26.63
1"	\$40.21	\$41.21	\$42.24	\$43.30	\$44.38
1.5"	\$80.41	\$82.42	\$84.48	\$86.59	\$88.76
2"	128.66	131.87	135.17	138.55	142.01

The new Usage Charge per 100 Cubic Feet is \$2.20 for all customers, increasing on July 1<sup>st</sup> of each successive year in an amount of 2.5% over the previous Usage Charge for 5 years. For example:

On July 1, 2020 the Usage Charge shall be \$2.26 per 100 Cubic Feet.

On July 1, 2021 the Usage Charge shall be \$2.31 per 100 Cubic Feet.

On July 1, 2022 the Usage Charge shall be \$2.37 per 100 Cubic Feet.

On July 1, 2024 the Usage Charge shall be \$2.43 per 100 Cubic Feet.