

RESOLUTION NO. 200

A RESOLUTION OF THE BOARD OF DIRECTORS OF LA PUENTE VALLEY COUNTY WATER DISTRICT ADOPTING NEW WATER RATES AND SERVICE CHARGES

WHEREAS, the La Puente Valley County Water District ("the District") provides water service to residents and businesses within its boundaries, most of which is within the boundaries of the City of La Puente; and,

WHEREAS, the District approved Resolution 178 in July of 2006, thereby adopting rates and charges for water service, which instituted a multiyear (5 year) rate increase plan to cover projected District expenses; and,

WHEREAS, the District approved Resolution 188 in July of 2008, thereby adopting rates and charges for water services on Holguin Place, which instituted rates for payment of the costs for the construction of facilities that connected to a water line owned and operated by the City of Industry that enabled District customers located on the 400 block of Holguin Place to receive increased water pressure; and,

WHEREAS, in September 2009, the District approved Resolution 193 which canceled the scheduled rate increase for 2009 and committed the District to complete a water rate study before any future rate increase would be instituted, to ensure the District receives revenues sufficient to meet its expenses and to comply with current laws governing the setting of water rates and charges, including but not limited to, Article 13D, Section 6 of the California Constitution ("Proposition 218"); and,

WHEREAS, the District's Board of Directors directed District Staff to conduct a water rate study and provide a recommendation for water rates and service charges (collectively referred to as "water rates"), which will generate sufficient revenue to meet the District's cost of providing water service to its customers over the next five years; and,

WHEREAS, the Board of Directors is concerned that rising operation and maintenance costs could have a significant impact on the continued operation of the District's water system, funding necessary infrastructure repairs, enhancements and reserves and the payment of water supply assessments for the procurement of replacement water from the Main San Gabriel Groundwater Basin Watermaster; and,

WHEREAS, District Staff has conducted a review of the financial needs of the District and for purposes of recommending a fair and equitable water rate structure, proportionate to customer water usage, that complies with current laws, and which provides

adequate revenues to meet the water system financial obligations; and,

WHEREAS, on April 11, 2011, at a duly noticed regular meeting of the Board of Directors, the District Staff presented the water rate study dated March 2011, together with proposed increased water rates (the "Water Rate Study"), to the District's Board, after which the District's Board accepted the Water Rate Study for filing and directed District Staff to provide notice as required by law for a public hearing to be conducted on August 22, 2011 to consider adoption of the water rates proposed in the Water Rate Study; and,

WHEREAS, a full, true and correct copy of the Water Rate Study is hereby incorporated herein by this reference; and,

WHEREAS, pursuant to the requirements of Proposition 218, all customers and property owners were mailed a notice of the public hearing at least 45 days prior to August 22, 2011, which notice contained: (1) the amount of the proposed rate increase, (2) the basis on which the rate increase is calculated, (3) the reason for the rate increase and (4) the date, time and place of a public hearing at which the proposed rates will be considered for adoption, together with an explanation of the right to submit written protests to the proposed increase; and,

WHEREAS, a full, true and correct copy of the "Notice of Proposed Increase in Water Rates and Charges and Public Hearing regarding such Increase" is attached hereto as Exhibit A and incorporated herein; and,

WHEREAS, on August 22, 2011, prior to the adoption of this resolution, the District's Board of Directors conducted and concluded a duly noticed public hearing concerning the proposed water rate increase as set forth in the Water Rate Study and considered all written and oral comments presented; and,

WHEREAS, at the close of such public hearing, no majority written protest to the proposed increase has been presented under Proposition 218; and,

WHEREAS, the proposed rate increase is Statutorily Exempt under CEQA Guidelines section 15273 as it applies only to rates to obtain funds necessary to operate and maintain the District's water system; and,

WHEREAS, all legal prerequisites to adoption of a water rate increase have occurred prior to the adoption of this Resolution.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF LA PUENTE VALLEY COUNTY WATER DISTRICT DOES RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1. The Board hereby finds that the above recitations are true and correct and, accordingly, are incorporated as a material part of this Resolution; and.

SECTION 2. The Board hereby finds that the water rate increase is Statutorily Exempt pursuant to CEQA Guidelines section 15273 as it applies only to rates to obtain funds necessary to operate and maintain the District's water system; and,

SECTION 3. The Board finds and determines that the adjustment of the water rates is in the best interest of the District and its inhabitants and complies with current laws, including but not limited to, Proposition 218; and,

SECTION 4. The Board does hereby approve the water rate increase as set forth in the Water Rate Study and directs District staff to implement such water rates as set forth in Exhibit B attached to this Resolution effective as of September 1, 2011.

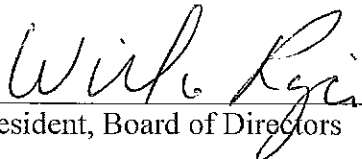
ADOPTED, SIGNED AND APPROVED by the Board of Directors of La Puente Valley County Water District at a regular meeting held on August 22, 2011.

Ayes: Directors Aguirre, Escalera, Hastings and Rojas

Nays: None

Abstains: None

Absent: Director Hernandez



President, Board of Directors

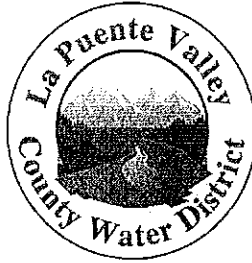
ATTEST:



Secretary

Resolution No. 200
August 22, 2011

EXHIBIT A



**LA PUENTE VALLEY COUNTY WATER DISTRICT
NOTICE OF PROPOSED INCREASE IN WATER RATES AND CHARGES AND PUBLIC HEARING
REGARDING SUCH INCREASE**

Hearing Date and Time: **August 22, 2011 at 5:30 p.m.** or as soon thereafter as the matter may be heard
Hearing Location: 112 N. First Street, La Puente, CA 91744 in the La Puente Water District Board Room.

Why a Water Rate Increase is Needed

La Puente Valley County Water District (District) recently completed the "La Puente Valley County Water District Study of Water Rates, Fees and Charges." That study, which is referred to herein as the "Rate Study," is available for review at the District office and on the District website (lapuentewater.com), and is incorporated herein by this reference. The District has not had a water rate increase since September 2008. In 2009, the District's Board of Directors cancelled a previously approved rate increase scheduled to take in effect in September 2009 and committed the District to undertake a water rate study before any further increase could be instituted. Although the District has tried to minimize the impact of rising operational costs through various cost savings efforts, the Rate Study concludes that rate increases are necessary to generate additional revenue needed to offset the increases in overall operational expenses that the District has experienced, and will continue to experience. Those increased expenses include, but are not limited to, the cost of water through increases in replacement water assessments imposed on the District's groundwater production, infrastructure improvement costs resulting from necessary capital improvements to the District's water delivery system and standard inflation of material and labor costs.

Calculation of Proposed Water Rate Increase

In determining the amount of the required future rate increases for years 2011 through 2015, The District projected the expenses it would face and the revenues necessary to meet those anticipated expenses. That analysis examined the yearly expenses required to operate the District's water system, less recurring non-rate revenue, miscellaneous income and interest earnings. The yearly expenses include operating and maintenance expenses, reserve funding and cash financed capital projects. The District is a public agency and, thus, to the extent its revenues exceed its expenses, those revenues are either re-invested in the District's water supply and distribution systems or added to the District's reserves to be used for subsequent repair or replacement of its system and facilities or held in the event of an emergency. The District then used water industry standard cost of service calculations to allocate the required revenues among its customer classes.

The District also sought to promote efficient water use through price signaling. Thus, the proposed rate increases are applied in a tiered rate structure, under which those residential customers who use more water than other District residential customers, pay a higher rate. The District proposes to revise the current tiered rate structure so that the higher rate for second tier water usage now applies after use of 25 billing units (each billing unit consists of 748 gallons) in a billing period. The rates in the tiers increase in an effort to recover the expensive replacement water assessments the District is required to pay for water the District produces in excess of its annual production right in the Main San Gabriel Groundwater Basin.

Basis of Proposed Increases in Water Rates and Charges

Costs to produce and deliver water, including replacement water assessments, are the District's most significant costs in providing water service. In recent years, the District has not passed through increases in those costs. However, now those costs and additional operating expense increases, as discussed above and in more detail in the Rate Study, necessitate additional revenues to cover continuing cost increases. The Rate Study provides a detailed analysis of the methods used to calculate the proposed increased rates and charges, and how those rates and charges are fairly allocated across the District's various customer classes.

In addition, the Rate Study recommends that the District impose additional pumping surcharges as part of the commodity rate for each of the District's five pumping zones. These surcharges are established to fairly allocate the costs of providing water to higher elevations. Those costs include higher electrical power costs and increased pump maintenance costs that benefit those customers who reside in the higher elevations. The Rate Study includes the detailed calculation by which the District calculated those surcharges. The specific pumping zone in which a customer resides is shown on the bi-monthly bill each customer receives. A customer should contact the District office with any questions concerning the applicable pumping zone criteria or concerning in which pumping zone the customer resides.

Impact of Proposed Increases to Rates and Charges

Potential increases would be implemented in five phases, beginning with the first billing cycle after September 15, 2011 with additional increases effective on the first billing cycle after September 15th of each succeeding year, i.e. September 15, 2012, September 15, 2013, September 15, 2014 and September 15, 2015. For convenience, Table-3 in this notice shows the impact of the proposed increases for 2011 on a typical residential customer. Additional examples are set forth in the Rate Study.

Proposed Increased Water Rates and Charges

The following tables set forth the District's new proposed water rates and charges. Table-1 shows the proposed bi-monthly flat rate service charge, which is determined by meter size, and Table-2 shows the proposed increases in the commodity rate, which is determined by the quantity of water used in the applicable billing period.

**Table-1
Current and Proposed Service Charges**

Meter Size	Current Bi-Monthly Rate				Proposed Bi-Monthly Rate				
	Zone 1	Zone 2	Zone 3 & 4	Zone 5	2011	2012	2013	2014	2015
5/8"	27.95	29.85	31.95	N/A	28.58	29.19	29.80	30.41	31.02
3/4"	27.95	29.85	31.95	N/A	29.81	31.65	33.49	35.33	37.19
1"	44.03	45.93	48.03	65.26	45.13	46.23	47.33	48.43	49.54
1.5"	96.83	98.73	100.83	N/A	97.56	98.29	99.02	99.75	100.50
2"	112.14	114.04	116.14	N/A	115.18	118.22	121.26	124.30	127.36
3"	234.59	236.49	238.59	N/A	236.86	239.13	241.40	243.67	245.94
4"	326.43	328.33	330.43	N/A	332.81	339.19	345.57	351.95	358.35
6"	617.25	619.15	621.25	N/A	630.32	643.39	656.46	669.53	682.60
8"	785.82	787.52	789.62	N/A	830.02	874.22	918.42	962.62	1,006.84

**Table-2
Current and Proposed Commodity Rates**

Zone 1

User Class	Current		Proposed 2011		Proposed 2012		Proposed 2013		Proposed 2014		Proposed 2015	
	0-30 HCF	>30 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF
Residential	\$1.25	\$1.52	\$1.32	\$1.65	\$1.39	\$1.77	\$1.46	\$1.93	\$1.53	\$2.18	\$1.61	\$2.32
Commercial	\$1.25	\$1.52	\$1.52		\$1.63		\$1.74		\$1.85		\$1.95	
Multi-Family	\$1.25	\$1.52	\$1.52		\$1.63		\$1.74		\$1.85		\$1.95	

Zone 2

User Class	Current		Proposed 2011		Proposed 2012		Proposed 2013		Proposed 2014		Proposed 2015	
	0-30 HCF	>30 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF
Residential	\$1.38	\$1.64	\$1.52	\$1.85	\$1.59	\$1.97	\$1.66	\$2.13	\$1.73	\$2.38	\$1.81	\$2.52
Commercial	\$1.38	\$1.64	\$1.72		\$1.83		\$1.94		\$2.05		\$2.15	
Multi-Family	\$1.38	\$1.64	\$1.72		\$1.83		\$1.94		\$2.05		\$2.15	

Zone 3

User Class	Current		Proposed 2011		Proposed 2012		Proposed 2013		Proposed 2014		Proposed 2015	
	0-30 HCF	>30 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF
Residential	\$1.49	\$1.76	\$1.69	\$2.02	\$1.76	\$2.14	\$1.83	\$2.30	\$1.90	\$2.55	\$1.98	\$2.69

Zone 4

User Class	Current		Proposed 2011		Proposed 2012		Proposed 2013		Proposed 2014		Proposed 2015	
	0-30 HCF	>30 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF
Residential	\$1.41	\$1.69	\$1.57	\$1.90	\$1.64	\$2.02	\$1.71	\$2.18	\$1.78	\$2.43	\$1.86	\$2.57
Commercial	\$1.41	\$1.69	\$1.77		\$1.88		\$1.99		\$2.10		\$2.20	
Multi-Family	\$1.41	\$1.69	\$1.77		\$1.88		\$1.99		\$2.10		\$2.20	

Zone 5

User Class	Proposed 2010		Proposed 2011		Proposed 2012		Proposed 2013		Proposed 2014		Proposed 2015	
	0-30 HCF	>30 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF
Residential	\$1.53	\$1.79	\$1.83	\$2.16	\$1.90	\$2.28	\$1.97	\$2.44	\$2.04	\$2.55	\$2.12	\$2.83

Table-3 shows the impact of the proposed 2011 increases on a typical District residential customer with a 5/8 inch meter. Thirty (30) billing units (each billing unit is 748 gallons) is highlighted as an average quantity of usage among the District's customers.

**Table-3
Example 5/8" Meter Service Residential Bill Impacts for Customers in Zone 1**

Usage (HCF)	Current Bi-Monthly Bill	2011	% Increase	2012	% Increase	2013	% Increase	2014	% Increase	2015	% Increase
5	34.22	35.18	3%	36.14	3%	37.10	3%	38.06	3%	39.07	3%
10	40.47	41.78	3%	43.09	3%	44.40	3%	45.71	3%	47.12	3%
15	46.72	48.38	4%	50.04	3%	51.70	3%	53.36	3%	55.17	3%
20	52.97	54.98	4%	56.99	4%	59.00	4%	61.01	3%	63.22	4%
25	59.22	61.58	4%	63.94	4%	66.30	4%	68.66	4%	71.27	4%
30	65.47	69.83	7%	72.79	4%	75.95	4%	79.56	5%	82.87	4%
35	73.00	78.08	7%	81.64	5%	85.60	5%	90.46	6%	94.47	4%
40	80.58	86.33	7%	90.49	5%	95.25	5%	101.36	6%	106.07	5%
45	88.16	94.58	7%	99.34	5%	104.90	6%	112.26	7%	117.67	5%
50	95.74	102.83	7%	108.19	5%	114.55	6%	123.16	8%	129.27	5%
55	103.32	111.08	8%	117.04	5%	124.20	6%	134.06	8%	140.87	5%
60	110.90	119.33	8%	125.89	5%	133.85	6%	144.96	8%	152.47	5%

Table-4 and Table-5 below show the bill impacts over the next five years for the Commercial and Multi-Family rate classes for different levels of consumption based on a 1-inch and 2-inch meter size. The average use for this rate class is approximately 54 HCF (1-inch) and 320 HCF (2-inch) per bi-monthly billing period.

Table-4
1" Meter Commercial Bill Impacts (Zone 1)

Usage (HCF)	Current Bi-Monthly Bill	2011	% Increase	2012	% Increase	2013	% Increase	2014	% Increase	2015	% Increase
10	56.53	60.33	7%	62.53	4%	64.73	4%	66.93	3%	69.04	3%
20	69.03	75.53	9%	78.83	4%	82.13	4%	85.43	4%	88.54	4%
30	81.53	90.73	11%	95.13	5%	99.53	5%	103.93	4%	108.04	4%
40	96.73	105.93	10%	111.43	5%	116.93	5%	122.43	5%	127.54	4%
50	111.93	121.13	8%	127.73	5%	134.33	5%	140.93	5%	147.04	4%
60	127.13	136.33	7%	144.03	6%	151.73	5%	159.43	5%	166.54	4%
70	142.33	151.53	6%	160.33	6%	169.13	5%	177.93	5%	186.04	5%
80	157.53	166.73	6%	176.63	6%	186.53	6%	196.43	5%	205.54	5%
90	172.73	181.93	5%	192.93	6%	203.93	6%	214.93	5%	225.04	5%
100	187.93	197.13	5%	209.23	6%	221.33	6%	233.43	5%	244.54	5%
110	203.13	212.33	5%	225.53	6%	238.73	6%	251.93	6%	264.04	5%
120	218.33	227.53	4%	241.83	6%	256.13	6%	270.43	6%	283.54	5%

Table-5
2" Meter Commercial Bill Impacts (Zone 1)

Usage (HCF)	Current Bi-Monthly Bill	2011	% Increase	2012	% Increase	2013	% Increase	2014	% Increase	2015	% Increase
50	180.04	191.18	6%	199.72	4%	208.26	4%	216.80	4%	224.86	4%
75	218.04	229.18	5%	240.47	5%	251.76	5%	263.05	4%	273.61	4%
100	256.04	267.18	4%	281.22	5%	295.26	5%	309.30	5%	322.36	4%
125	294.04	305.18	4%	321.97	6%	338.76	5%	355.55	5%	371.11	4%
150	332.04	343.18	3%	362.72	6%	382.26	5%	401.80	5%	419.86	4%
175	370.04	381.18	3%	403.47	6%	425.76	6%	448.05	5%	468.61	5%
200	408.04	419.18	3%	444.22	6%	469.26	6%	494.30	5%	517.36	5%
225	446.04	457.18	2%	484.97	6%	512.76	6%	540.55	5%	566.11	5%
250	484.04	495.18	2%	525.72	6%	556.26	6%	586.80	5%	614.86	5%
275	522.04	533.18	2%	566.47	6%	599.76	6%	633.05	6%	663.61	5%
300	560.04	571.18	2%	607.22	6%	643.26	6%	679.30	6%	712.36	5%
325	598.04	609.18	2%	647.97	6%	686.76	6%	725.55	6%	761.11	5%
350	636.04	647.18	2%	688.72	6%	730.26	6%	771.80	6%	809.86	5%
375	674.04	685.18	2%	729.47	6%	773.76	6%	818.05	6%	858.61	5%
400	712.04	723.18	2%	770.22	7%	817.26	6%	864.30	6%	907.36	5%

Resolution No. 200
August 22, 2011

EXHIBIT B

New Water Rates and Charges

The following tables set forth the District's new water rates and charges. **Table-1** shows the bi-monthly flat rate service charge, which is determined by meter size, **Table-2** shows commodity rate, which is determined by the quantity of water used in the applicable billing period, and **Table-3** shows the bi-monthly services charges for private fire service connections, which is determined by the size of the connection.

**Table-1
Service Charges**

Meter Size	2011	2012	2013	2014	2015
5/8"	28.58	29.19	29.80	30.41	31.02
3/4"	29.81	31.65	33.49	35.33	37.19
1"	45.13	46.23	47.33	48.43	49.54
1.5"	97.56	98.29	99.02	99.75	100.50
2"	115.18	118.22	121.26	124.30	127.36
3"	236.86	239.13	241.40	243.67	245.94
4"	332.81	339.19	345.57	351.95	358.35
6"	630.32	643.39	656.46	669.53	682.60
8"	830.02	874.22	918.42	962.62	1,006.84

**Table-2
Commodity Rates (by Zone)**

Zone 1

User Class	2011		2012		2013		2014		2015	
	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF
Residential	\$1.32	\$1.65	\$1.39	\$1.77	\$1.46	\$1.93	\$1.53	\$2.18	\$1.61	\$2.32
	\$1.52		\$1.63		\$1.74		\$1.85		\$1.95	
Commercial	\$1.52		\$1.63		\$1.74		\$1.85		\$1.95	
Multi-Family	\$1.52		\$1.63		\$1.74		\$1.85		\$1.95	

Zone 2

User Class	2011		2012		2013		2014		2015	
	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF
Residential	\$1.52	\$1.85	\$1.59	\$1.97	\$1.66	\$2.13	\$1.73	\$2.38	\$1.81	\$2.52
	\$1.72		\$1.83		\$1.94		\$2.05		\$2.15	
Commercial	\$1.72		\$1.83		\$1.94		\$2.05		\$2.15	
Multi-Family	\$1.72		\$1.83		\$1.94		\$2.05		\$2.15	

Zone 3

User Class	2011		2012		2013		2014		2015	
	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF
Residential	\$1.69	\$2.02	\$1.76	\$2.14	\$1.83	\$2.30	\$1.90	\$2.55	\$1.98	\$2.69
	\$1.69		\$1.76		\$1.83		\$1.90		\$1.98	
Commercial	\$1.69		\$1.76		\$1.83		\$1.90		\$1.98	
Multi-Family	\$1.69		\$1.76		\$1.83		\$1.90		\$1.98	

Zone 4

User Class	2011		2012		2013		2014		2015	
Residential	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF
	\$1.57	\$1.90	\$1.64	\$2.02	\$1.71	\$2.18	\$1.78	\$2.43	\$1.86	\$2.57
Commercial	\$1.77		\$1.88		\$1.99		\$2.10		\$2.20	
Multi-Family	\$1.77		\$1.88		\$1.99		\$2.10		\$2.20	

Zone 5

User Class	2011		2012		2013		2014		2015	
Residential	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF	0-25 HCF	>25 HCF
	\$1.83	\$2.16	\$1.90	\$2.28	\$1.97	\$2.44	\$2.04	\$2.55	\$2.12	\$2.83

Table-3
Private Fire Service Charge

Size of Connection (inch)	2011	2012	2013	2014	2015
.75	13.26	14.25	15.24	16.23	17.23
1	14.78	15.87	16.97	18.07	19.19
1.5	19.42	20.59	21.76	22.93	24.10
2	24.17	25.63	27.08	28.53	29.99
3	36.83	39.04	41.26	43.47	45.69
4	51.07	54.14	57.21	60.28	63.35
6	94.48	98.97	103.45	107.94	112.42
8	167.86	168.72	169.59	170.45	171.31
10	214.40	220.80	227.21	233.61	240.01
12	278.03	293.06	308.09	323.12	338.15