

RESOLUTION NO. 11-06

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MARIANA RANCHOS COUNTY WATER DISTRICT AMENDING DIVISION XVI, "FEE, CHARGE AND DEPOSIT SCHEDULE" OF THE MARIANA RANCHOS COUNTY WATER DISTRICT WATER CODE AS IT RELATES TO "WATER SERVICE CHARGE CATEGORIES" AND "SERVICE CONNECTIONS"

IT IS HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE MARIANA RANCHOS COUNTY WATER DISTRICT, as follows:

1. Scope and Purpose.

To add definitions for the newly created "Water Service Charge Categories" and "Water Service Connections" definitions to the INTRODUCTION section of DIVISION XVI, FEE, CHARGE AND DEPOSIT SCHEDULE

2. Amendment.

Water Code DIVISION XVI, entitled "FEE, CHARGE AND DEPOSIT SCHEDULE", is amended and reenacted to read as follows:

Water Service Charge Categories

There will be four different categories of water service charges.

- 1) *Service or Base Rate Charge*
- 2) *Quantity or Tiers Rate*
- 3) *Standby Charge*
- 4) *Supplemental Connection Charge*

The Service or Base Rate Charge is a per-month base charge for active service connections based on the fixed cost of operation (flat annual cost paid out monthly) and maintaining the water system. The fixed costs include the costs of labor to operate and manage the water system, meter reading, customer service, billing and postage, and ongoing system maintenance. The Service Charge also includes a Capital Improvement fund charge to pay for major maintenance expenses on capitalized equipment and replacement of capitalized equipment over time.

The Quantity or Tiers Rate (per 100 cubic feet, or 748 gallons, of water used) covers the variable costs of operating the water system. The charge includes the cost of electrical power for the wells and booster pumps and chemicals (calcium hypo-chloride) for disinfection of the water as required.

The Standby Charge is the base charge for parcels with inactive water service connections. The Standby Charge includes several components, only one of which is a true standby charge within the meaning of Proposition 218. The Standby Charge includes the property owner's portion of the fixed costs to maintain the water system so that the system is available to provide water to the parcel when water service is activated, and to provide water for fire protection services both before and after the water service is activated. Parcels developed with residential structures will pay a Standby Charge equal to the Service or Base Rate Charge for active connections since water service is

available and may be activated and used by the property owner at any time and since they currently benefit from access to water for fire protection services. Undeveloped parcels with inactive connections will pay a lower Standby Charge since they do not have the ability to immediately utilize the water until the parcel is developed with a residential structure, though they still benefit from access to water for fire protection services. After a parcel is developed with a residential structure, the Standby Charge for developed parcels will be applied.

The Supplemental Connection Charge is a charge placed on parcels to cover establishment and maintenance of the security components of the water system and a contribution to the capital improvement fund.

Water Service Connections

The Board of Directors has also set four types of water service connections. The four types of connections are based on the development, which exists on a property within the district's boundaries for the domestic water system and the status of the water connection serving the property. The four types of water service connections are as follows:

- 1) *Developed Active* - meaning a parcel with a home, a water meter & connection taking water.
- 2) *Developed Inactive* - meaning a parcel with a home & a water meter not taking water.
- 3) *Undeveloped Inactive* - meaning a parcel with no home & a water meter, but not taking water at this time.
- 4) *Supplemental Connections* - meaning additional water connections purchased by property owners in the district who have at least one water service connection.

3. Other.

This Resolution is hereby effective on June 28, 2011.

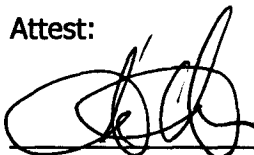
PASSED, APPROVED AND ADOPTED on June 14, 2011.

Ayes: 5 Noes: 0 Abstain: 0 Absent: 0



Ronald Dodge, President of the Board

Attest:



James Hansen, Secretary to the Board