

RESOLUTION NO. 2519-09 WWD

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF WINDSOR
ACTING AS THE BOARD OF DIRECTORS
OF THE WINDSOR WATER DISTRICT ADOPTING ADJUSTMENTS TO
WATER RATES APPLICABLE TO THE WINDSOR WATER DISTRICT
WATER SERVICE CUSTOMERS RELATED TO CHANGES TO WHOLESALE
RATES AND CHARGES OF THE SONOMA COUNTY WATER AGENCY**

RECITALS

WHEREAS, the Windsor Water District (“District”), a predecessor agency to the Town of Windsor (“Town”) and now operated as a subsidiary of the Town provides water services throughout the District, including within the Town and also to certain customers outside the boundaries of the District and/or Town; and

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

WHEREAS, the water service rates currently applied to District customers were last updated in January 2009 by Resolution No. 2066-07 adopted by the Town Council acting as the Board of Directors of the District on June 6, 2007; and

WHEREAS, the District entered into a Restructured Agreement for Water Supply with the Sonoma County Water Agency (“Agency”) to provide a water supply, to provide improvements and enhancements for the sustainable use of the Russian River Project water, and to encourage the development of local supply projects, as well as other purposes; and

WHEREAS, the District obtains both water from the Santa Rosa Aqueduct and from the Russian River Well Field for which it is liable to the Agency for certain payments as specified in the Restructured Agreement for Water Supply; and

WHEREAS, on April 28, 2009 the Agency adopted increases to its rates and charges applicable to the District and effective in July 2009; and

WHEREAS, the Town has engaged The Reed Group, Inc. (“Reed Group”) to evaluate the financial impacts of the Agency’s increased rates and charges and to determine how the District’s water rates should be adjusted to incorporate the increased costs to the District; and

WHEREAS, on September 30, 2008 the Governor signed Assembly Bill 3030 (“AB 3030”) adding Section 53756 to the Government Code and authorizing local agencies to adopt a schedule and formula for automatic adjustments to water rates that pass through the increases in wholesale costs for water; and

WHEREAS, the rates and charges applicable to the District from the Agency are wholesale costs of water supply; and

WHEREAS, the Reed Group prepared a letter dated April 16, 2009 (“Letter Report”) containing analyses recommendations for adjusting the District’s water rates to pass through cost increases resulting from the Agency’s recently adopted rates and charges, as well as developed a formula for automatically adjusting the District’s water rates in the future based on future increases in the Agency’s rates and charges applicable to the District; and

WHEREAS, the Letter Report considered only the costs and impacts associated with increased rates and charges adopted by the Agency, and no other costs or financial needs of the District’s water system; and

WHEREAS, in accordance with Government Code Section 50076, fees that do not exceed the reasonable cost of providing service or regulatory activity for which the fees are charged and which are not levied for general revenue purposes are not special taxes as defined in Article 3.5 of the Government Code; and

WHEREAS, in accordance with Government Code Section 54350, local agencies have the police power over any enterprise acquired, constructed, or improved pursuant to the Revenue Bond Law of 1941 (Government Code)

WHEREAS, the authorization for adopting a formula for automatic rate adjustments for pass through wholesale water costs may be adopted for up to five years; and

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

WHEREAS, notice of public hearing was also published in the newspaper at least once each week for two weeks prior to the date of the public hearing with the date of the first publication at least 15 days before the public hearing; and

FINDINGS

WHEREAS, the Town Council of the Town of Windsor acting as the Board of Directors of the Windsor Water District finds as follows:

A. The purpose of the updated water service rates and automatic water rate adjustment formula established pursuant to this Resolution is to pass through the increased costs to the District associated with recent and future increases in the rates and charges imposed by the Sonoma County Water Agency; to provide that such costs are allocated among District customers so as to bear a fair and reasonable relationship to customer’s burdens on and benefits from District water services; to help secure the financial stability of the water system in light of changes in the Agency’s rates and charges applicable to the District. The water service rates established pursuant to this Resolution are not levied for general revenue purposes.

B. After consideration of analyses and recommendations of the Reed Group, the testimony received at this noticed public hearing, the agenda report, the background

documents to the agenda report, and all correspondence received (together “Record”), the Town council of the Town of Windsor acting as the Board of Directors of the Windsor Water District accepts and approves the Letter Report by this Resolution.

C. Adoption of the rates and automatic water rate adjustment formula for pass through wholesale water costs set forth in this Resolution is intended to recover wholesale water cost increases imposed on the District by the Agency for costs related to water supplies. As such, the water rates relate to the provision of water service to District customers and are not a “project” within the meaning of the California Environmental Quality Act (“CEQA”) and Public Resources Code Section 21080(b)(8)(D).

D. In adopting the rates set forth in this Resolution, the Town Council of the Town of Windsor is exercising its powers under Article XI, Section 7 of the California Constitution.

E. The Record establishes that the costs described in the Letter Report are those increases in costs imposed by the Agency related to wholesale water service and supplies. Furthermore, the formula for automatic water rate adjustments for future wholesale water cost increases provides a reasonable mechanism for adjusting the District’s water rates in the future to pass through future wholesale water cost increases. The water rates and automatic water rate adjustment formula adopted by this Resolution are necessary to recover the estimated cost increases imposed by the Agency, reasonably allocate such cost increases among District customers so that they bear a fair and reasonable relationship to customers’ burden on and benefits from District water services, and help secure the financial stability of the District’s water system through appropriate cost recovery.

F. In accordance with Government Code Section 54354.5(d) the rates, as presented in this Resolution:

1. are not discriminatory or excessive;
2. will help meet the requirements of Government Code Sections 54515 and 54354.5(d) that charges imposed under the Revenue Bond Law of 1941 will be sufficient to meet outstanding bond obligations, current maintenance and operation expenses and other obligations; and
3. will be in compliance with law.

G. The procedures followed and the rates and automatic rate adjustment formula adopted are in compliance with California Constitution Article XIII D.

ADOPTION OF RATES

NOW, THEREFORE, the Town Council of the Town of Windsor acting as the Board of Directors of the Windsor Water District does resolve as follows:

1. Definitions

a. "District Customer" shall mean any person, corporation, or other entity that receives District water service, regardless of whether District water service is provided to property within the Town of Windsor, property within the Windsor Water District, or property outside the boundaries of the Town or Windsor and/or the Windsor Water District.

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

c. "Rate Formula" shall mean the computation of adjustments to the District's water rates to incorporate changes to the rates and charges adopted by the Sonoma County Water Agency applicable to the District. The Rate Formula is contained in an Excel spreadsheet file and includes all data, formulas, algorithms, calculations, formatting, data inputs, and other information necessary to perform the rate adjustment calculation related to pass through wholesale water costs of the Agency.

2. Water Service Rates Imposed

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.

3. Time of Payment of Rates

District Customers shall pay Rates as prescribed in bills issued to District Customers in accordance with Sections 12-3-605 and 12-4-220 of the Town of Windsor Code, subject to all applicable regulations, requirements and penalties for non-compliance pursuant to the Windsor Town Code and other applicable law.

4. Rate Amounts

The Rate amounts shall be as specified in the rate schedule attached as Exhibit "A" to this Resolution, or as may be determined in the future using the Rate Formula as illustrated in Exhibit "B" attached to this Resolution.

5. Use of Rate Revenue

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

6. Subsequent Analysis and Revision of the Rates

The Rates set herein, or as may be determined through the automatic rate adjustment formula contained in the worksheet shown in Exhibit "B" are adopted and implemented by the Town Council acting as the Board of Directors of the Windsor Water District in reliance on the Record identified above. The District may continue to conduct further study and analysis to determine whether the Rates should be revised. When additional information is available, the Town Council, in its capacity as Board of Directors of the Windsor Water District may review the rates to determine that the Rate

amounts do not exceed the estimated reasonable cost of providing the services for which they Rates are charged.

7. Effective Date

This Resolution shall be effective immediately, and the automatic rate adjustment formula contained in the worksheet shown in Exhibit "B" shall be applied to any future changes to the rates and charges adopted by the Agency as they apply to the District for a period not to exceed 5 years from the date of this Resolution.

8. Severability

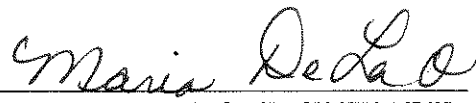
The Rates and all portions of this Resolution are severable. Should any of the Rates or any portion of this Resolution be adjusted to be invalid and unenforceable by a body of competent jurisdiction, then the remaining Rates and/or Resolution portions shall be and continue in full force and effect, except as to those Rates and/or Resolution portions that have been adjudged invalid. The Town Council of the Town of Windsor acting as the Board of Directors of the Windsor Water District hereby declares that it would have adopted each of the Rates and this Resolution and each section, subsection, clause, sentence, phrase and other portion thereof, irrespective of the fact that one or more of the Rates or sections, subsections, clauses, sentences, phrases or other portions of the Resolution may be invalid or unconstitutional.

PASSED, APPROVED AND ADOPTED this 5th day of August 2009, by the following vote:

**AYES: MEMBERS ALLEN, FUDGE, SALMON, SCHOLAR AND
CHAIR GOBLE**
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE


ROBIN R. GOBLE, CHAIR

ATTEST:


MARIA DE LA O, SECRETARY

Attachments:

Exhibit "A"

Exhibit "B"

Exhibit "A"
Town of Windsor

Water Rate Adjustments Due to SCWA's FY 09-10 Rate Changes (1)

		Current (2)	Proposed (3)	Change	
				(\$)	(%)
Water Usage Rates (\$/1,000 gallons)					
Single Family Residential					
1st Tier	0-4 tg/mo	\$ 2.20	\$ 2.29	\$ 0.09	4.1%
2nd Tier	5-7 tg/mo	\$ 2.42	\$ 2.52	\$ 0.10	4.1%
3rd Tier	8-17 tg/mo	\$ 2.96	\$ 3.15	\$ 0.19	6.4%
4th Tier	18-24 tg/mo	\$ 3.63	\$ 3.94	\$ 0.31	8.5%
5th Tier	Over 24 tg/mo	\$ 4.45	\$ 4.83	\$ 0.38	8.5%
Multi-Family Residential (per dwelling unit)					
1st Tier	0-2 tg/mo/DU	\$ 2.20	\$ 2.29	\$ 0.09	4.1%
2nd Tier	3 tg/mo/DU	\$ 2.42	\$ 2.52	\$ 0.10	4.1%
3rd Tier	4-5 tg/mo/DU	\$ 2.96	\$ 3.15	\$ 0.19	6.4%
4th Tier	6-7 tg/mo/DU	\$ 3.63	\$ 3.94	\$ 0.31	8.5%
5th Tier	>7 tg/mo/DU	\$ 4.45	\$ 4.83	\$ 0.38	8.5%
Commercial and Irrigation	All usage	\$ 2.72	\$ 2.88	\$ 0.16	5.9%
Airport Area (4)	All usage	\$ 4.46	\$ 4.83	\$ 0.37	8.3%
Additional Usage Charge for Pumping -- NO CHANGES PROPOSED					
Shiloh Meadows - Zone 2	All usage	\$ 0.93	\$ 0.93	No change	
- Zone 3	All usage	\$ 2.34	\$ 2.34	No change	
- Zone 4	All usage	\$ 3.62	\$ 3.62	No change	
Mayacama	All usage	\$ 2.34	\$ 2.34	No change	
Vinecrest	All usage	\$ 1.48	\$ 1.48	No change	
Monthly Service Charges (\$/month) -- NO CHANGES PROPOSED					
All Water Services including Airport Area					
	Up to 3/4" meter	\$ 8.07	\$ 8.07	No change	
	1" meter	\$ 12.30	\$ 12.30	No change	
	1 1/2" meter	\$ 22.81	\$ 22.81	No change	
	2" meter	\$ 35.51	\$ 35.51	No change	
	3" meter	\$ 65.07	\$ 65.07	No change	
	4" meter	\$ 107.25	\$ 107.25	No change	
	6" meter	\$ 212.72	\$ 212.72	No change	
	8" meter	\$ 339.35	\$ 339.35	No change	
	10" meter	\$ 487.08	\$ 487.08	No change	
Additional Service Charges for Pumping					
Shiloh Meadows - Zone 2	1" meter	\$ 12.03	\$ 12.03	No change	
- Zone 3	1" meter	\$ 34.65	\$ 34.65	No change	
- Zone 4	1" meter	\$ 69.43	\$ 69.43	No change	
Mayacama	1" meter	\$ 34.65	\$ 34.65	No change	
	1 1/2" meter	\$ 69.10	\$ 69.10	No change	
	2" meter	\$ 110.56	\$ 110.56	No change	
Vinecrest	Up to 1" meter	\$ 26.78	\$ 26.78	No change	
Private Fire Service Charges					
	4" meter	\$ 53.63	\$ 53.63	No change	
	6" meter	\$ 106.40	\$ 106.40	No change	
	8" meter	\$ 169.68	\$ 169.68	No change	
	6" meter - Mayacama - Additional	\$ 345.77	\$ 345.77	No change	
Notes:					
(1) Actual billing occurs bi-monthly.					
(2) Current water rates went into effect in January 2009.					
(3) Proposed water rates would go into effect when adopted to incorporate increased costs due to SCWA's FY 09-10 rates and charges. No other changes are included.					
(4) Airport area rates also apply to a few customers served directly by the SCWA but charged for service through the Town. Those customers are also charged a SCWA service charge, in addition to the Town's rates and charges.					

Exhibit "B"							
Town of Windsor -- Water Utility							
Worksheet for Automatic Rate Adjustments Related to Increased SCWA Water Charges (1)							
Fiscal Year -->	Current		Adjusted		Change		
	FY 08-09		FY 09-10				
	\$/AF	\$/tg	\$/AF	\$/tg	\$/AF	\$/tg	
SCWA Water Charges							
RRD Sub-Charges (2)	\$ 43.39	\$ 0.13	\$ 92.41	\$ 0.28	\$ 49.02	\$ 0.15	113%
Santa Rosa Aqueduct (3)	\$ 565.36	\$ 1.74	\$ 677.74	\$ 2.08	\$ 112.38	\$ 0.34	20%
Water Supplies (AF)							
Local Groundwater (off river)							
Russian River Well Field			4,000				
Santa Rosa Aqueduct			520				
Total Water Supplies			4,520				
Unaccounted For Losses (4)			8.0%				
Estimated Water Sales (AF)							
Town Service Area			3,680				
Airport Service Area			478				
Total Estimated Sales			4,158				
Water Supply Places of Use (AF) (5)							
Town Service Area							
Local Groundwater			-	0%			
Russian River Well Field			4,000	100%			
Santa Rosa Aqueduct			0	0%			
Total Town			4,000				
Airport Service Area							
Local Groundwater			-	0%			
Russian River Well Field			-	0%			
Santa Rosa Aqueduct			520	100%			
Total Airport			520				
Total Water Supplies			4,520				
Town of Windsor Water Usage Rates (\$/tg)							
Town Residential Tier Rates				Tier	Tier	Goal	
				Steps (6)	Usage (7)	Seek (8)	
1st Tier	\$ 2.20		\$ 2.29		37%	\$ 2.88	
2nd Tier	\$ 2.42		\$ 2.52	10%	19%		
3rd Tier	\$ 2.96		\$ 3.15	25%	30%		
4th Tier	\$ 3.63		\$ 3.93	25%	6%		
5th Tier	\$ 4.45		\$ 4.83		7%		
Town Comm. & Irrig. Rate	\$ 2.72		\$ 2.88			\$ 0.16	(9)
Airport Comm. & Irrig. Rate	\$ 4.46		\$ 4.83			\$ 0.37	(9)
Notes:							
(1) Input fields include values shown in italics in shaded cells. Other values are automatically calculated.							
(2) Includes sub-charges for water mgmt. planning, watershed planning/restoration, recycled water/local supply, and conservation.							
(3) Equal to 120% of highest rate of other contractors using Santa Rosa Aqueduct.							
(4) Calculated based on supply and demand data inputs. Estimated value has been about 8.0%.							
(5) Town priority is local groundwater, RRWF, and SR Aqueduct. Airport priority is SR Aqueduct, RRWF, local groundwater.							
(6) Rate increase relative to prior tier rate. Tier 5 is set to be equal to Airport rate (reflecting marginal cost of water supply).							
(7) From water use frequency distribution data developed in 2007 rate study. Should be periodically reviewed/updated.							
(8) Goal seek to set cell J38 to value of Town C&I rate (cell F43) by adjusting value for Tier 1 rate (cell F38).							
(9) Reflects impact of unaccounted for water losses.							