

LHMWD RATE SCHEDULE - RAFTELIS RATE STUDY
HEMET / SAN JACINTO VALLEY RATES AS OF JANUARY 2020

Potable Usage Rates

	Tier		July 2019 Water Charges
	No.	CCF	\$/CCF
	Potable	1	0 < 5
	2	6 < 13	\$2.339
	3	>14	\$3.520

Monthly Service Charge By Meter Size

Meter Size	July 2019
5/8 & 3/4"	\$ 30.73
1 inch	\$ 35.38
1-1/2 inch	\$ 46.91
2 inch	\$ 60.80
3 inch	\$ 104.81
4 inch	\$ 169.58
6 inch	\$ 324.61
8 inch	\$ 671.74
10 inch	\$ 995.74
12 inch	\$ 1,250.32
16 inch	\$ 1,828.84

POWER ZONE PUMPING CHARGE

	Jan. 2019
1000 & 1101	\$0.44
1100	\$0.33
1200 & 1201	\$0.29
1300 & 1301	\$0.11
1400	\$0.19
1500	\$0.56
1600	\$0.07

FIRE SERVICE LINES

	July 2019
4"	\$1.40
6"	\$2.10
8"	\$2.79
10"	\$3.49
12"	\$4.19

EMWD Sewer Rates Effective Jan. 1, 2020

	ID 17	ID 20
Residential	\$33.59	\$35.26
Mobile Home Parks	\$22.39	\$23.51
Commercial	\$2.82	\$3.21
Motels	\$11.20	\$11.75

Irrigation Water Rates (Non-Potable)

<u>July 2019 Rate</u>		
IR1	\$900	Per Acre Foot
IR2	\$905	Per Acre Foot
IR3	\$961	Per Acre Foot
505AG	\$1,041	Per Acre Foot

Monthly Sewer Maintenance/LHMWD Cleaning Portion

\$4.07 per unit

Fire Hydrant Meter

\$3.66 per CCF

Backflow Device Testing Fee

\$6.67 PER MONTH

\$80 ANNUALLY

Storm Drain Fee - City of Hemet

\$3.30 per unit

Garner Valley Bi-Monthly Commodity

	Tier		Commodity Charge Jan. 2020
	No.	CCF	\$/CCF
Potable	1	>0	4.06

Garner Valley Bi-Monthly Service Charge

<u>Meter Size</u>	<u>January 2020</u>
5/8 & 3/4 inch	\$61.04
1 inch	\$70.30
1-1/2 inch	\$93.22
2 inch	\$120.84
3 inch	\$208.37
4 inch	\$337.17

RESOLUTION NO. 785

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
LAKE HEMET MUNICIPAL WATER DISTRICT
ESTABLISHING RATES FOR WATER AND WASTEWATER SERVICE**

WHEREAS, the Lake Hemet Municipal Water District (“District”) is a municipal water district, organized under the laws of the state of California, with authority to provide water and wastewater service to and to charge fees and charges for provision of such service; and

WHEREAS, the District Board of Directors (“Board”) has determined that the District is facing increasing costs for providing water and wastewater services, and

WHEREAS, the District hired Raftelis Financial Consultants, Inc., an independent rate consultant, to prepare a comprehensive water and wastewater cost of service study report (the “Study”); and

WHEREAS, the Study includes a comprehensive review of the District’s financial plan, usage trends, accounts, customer types, available water supplies, capital improvement plan, and reserves to establish rates that provide sufficient revenue over a five-year planning period. The recommended rate structures and resulting rates identified in Exhibit “A” were derived based on the cost of service principles and are proportionate and in compliance with Proposition 218; and

WHEREAS, the rates for water and wastewater service charges need to be adjusted in order for the District to pay for its costs of providing service; and

WHEREAS, the District provides potable and non-potable water service to its customers within the Hemet / San Jacinto Valley service area, and potable water to customers within its Garner Valley service area; and

WHEREAS, the proposed rates for the water service charges for the Hemet / San Jacinto Valley service area is comprised of two components: a monthly fixed service charge, determined based on the size of the meter serving the property (in inches) and designed to recover a portion of the District’s fixed costs (included as Table 1 to Exhibit “A” hereto), and second, a monthly variable charge, determined based on the amount of water delivered to the property (measured in dollars per hundred cubic feet), and designed to recover the remainder of the District’s fixed costs and all of the District’s variable costs incurred in providing water service to Hemet / San Jacinto Valley (included as Table 2 to Exhibit “A” hereto); and

WHEREAS, the variable charges for customers within the Hemet / San Jacinto Valley service area include a uniform rate for non-potable customers, and three tiers for potable water customers with rates increasing based on the amount of water delivered to the property; and

WHEREAS, the rates for the water service charges included in Table 1 and Table 2 herein are proposed to take effect January 1, 2019, and in order to account for rising costs and inflation, for each subsequent fiscal year commencing July 1, 2019, and at

any time thereafter through and including July 1, 2023, the District is proposing to increase the rates set forth in Tables 1 and 2 to Exhibit "A" by the twelve-month change of each March in the CPI-U for the Los Angeles-Riverside-Orange County ("Hemet / San Jacinto Inflationary Adjustment") provided, however, that (i) the proposed rates in Tables 1 and 2 shall not be increased by more than 3% in any fiscal year as a result of a Hemet / San Jacinto Inflationary Adjustment; (ii) in no event shall the proposed rates in Tables 1 and 2 be increased by more than the cost of providing service; and, (iii) at least 30 days prior to the date a Hemet / San Jacinto Inflationary Adjustment will take effect, the District shall mail notice to the affected property owner or customer of record; and

WHEREAS, in addition, commencing July 1, 2019 and at any time thereafter through including July 1, 2023, the District is proposing to pass through any wholesale rate increases for purchasing water from the Eastern Municipal Water District ("EMWD Pass- Through") directly to the District's customers, provided, however, that (i) the proposed rates in Tables 1 and 2 shall not be increased by more than 10% in any fiscal year as a result of an EMWD Pass-Through; (ii) in no event shall the proposed rates in Tables 1 and 2 be increased by more than the cost of providing service; and, (iii) at least 30 days prior to the date an EMWD Pass-Through will take effect, the District shall mail notice of the increase to the affected property owner or customer of record; and

WHEREAS, the proposed rate structure for the Garner Valley service area includes a bi-monthly fixed service charge, determined based on the size of the meter serving the property, and designed to recover a portion of the District's fixed costs (including administration and overhead shared amongst all customers of the District), and a bi-monthly variable charge, measured in dollars per hundred cubic feet of water delivered to a parcel, and designed to recover a portion of the District's fixed costs and all of the District's variable costs in serving Garner Valley customers, which consists of a uniform rate regardless of the amount of water delivered to the parcel; and

WHEREAS, the rates for the Garner Valley service area are set forth in Tables 6 and 7 to Exhibit "A" hereto, and are proposed to take effect January 1, 2019, and be increased on January 1, 2020; and

WHEREAS, in order to account for rising costs and inflation, for each subsequent fiscal year, commencing July 1, 2020, and at any time thereafter through and including July 1, 2023, the District is proposing to increase the proposed rates identified in Table 6 and Table 7 by the twelve-month change of each March in the CPI-U for the Los Angeles-Riverside-Orange County ("Garner Valley Inflationary Adjustment") provided, however, that (i) the proposed rates in Table 6 and Table 7 shall not be increased by more than 3% in any fiscal year as a result of a Garner Valley Inflationary Adjustment; (ii) in no event shall the proposed rates in Table 6 and Table 7 be increased by more than the cost of providing service; and, (iii) at least 30 days prior to the date a Garner Valley Inflationary Adjustment will take effect, the District shall mail notice to the affected property owner or customer of record; and

WHEREAS, the District incurs costs relating to facilities and power necessary to pump water to various elevation zones within its service area, and proposes to charge pumping charges, measured in dollars per hundred cubic feet of water delivered, which

are charged in addition to the variable charge and with a rate that varies based on the elevation zone in which a property lies and are included in Table 3 to Exhibit "A" hereto and

WHEREAS, certain properties in the District's service area contain backflow assemblies installed on their water systems, and the District incurs costs for testing such backflow assemblies, and proposes to impose a flat monthly backflow testing charge upon such customers to recover the cost of such service, and are included in Table 4 to Exhibit "A" hereto; and

WHEREAS, the District is further proposing to impose a private fire service charge to those customers with private fire lines serving their property, which shall be measured as a monthly charge determined by the size of the private fire service line serving the property, and are included in Table 5 to Exhibit "A" hereto; and

WHEREAS, the rates set forth in Tables 3, 4, and 5 of Exhibit "A" are proposed to take effect on January 1, 2019, and in order to account for rising costs and inflation, for each subsequent fiscal year, commencing July 1, 2019 and at any time thereafter through and including July 1, 2023, the District is proposing to increase the proposed rates for the pumping charges, backflow testing charges, and private fire service charges identified in Tables 3, 4, and 5 by the twelve-month change of each March in the CPI-U for the Los Angeles-Riverside-Orange County ("Special Inflationary Adjustment" and, together with the Hemet / San Jacinto Inflationary Adjustment, the EMWD Pass-Through, the Garner Valley Inflationary Adjustments, and the Special Inflationary Adjustments, the "Water Pass-Throughs") provided, however, that (i) the proposed rates in Table 3, 4, and 5 shall not be increased by more than 3% in any fiscal year as a result of a Special Inflationary Adjustment; (ii) in no event shall the proposed rates in Tables 3, 4 and 5 be increased by more than the cost of providing service; and, (iii) at least 30 days prior to the date a Special Inflationary Adjustment will take effect, the District shall mail notice to the affected property owner or customer of record; and

WHEREAS, the District also provides wastewater collection services to properties within the Hemet / San Jacinto Valley service area, which are determined based on the number of equivalent dwelling units assigned to a parcel, which were previously adopted and are set forth in Table 8 of Exhibit "A" hereto; and

WHEREAS, in order to account for rising costs and inflation, commencing July 1, 2019, and at any time thereafter through and including July 1, 2023, the District is proposing to increase the proposed rates identified in Table 8 by the twelve-month change of each March in the CPI-U for the Los Angeles-Riverside-Orange County ("Wastewater Inflationary Adjustment" or "Wastewater Pass-Through") provided, however, that (i) the proposed rates in Table 8 shall not be increased by more than 3% in any fiscal year as a result of a Wastewater Inflationary Adjustment; (ii) in no event shall the proposed rates in Table 8 be increased by more than the cost of providing service; and, (iii) at least 30 days prior to the date a Wastewater Inflationary Adjustment will take effect, the District shall mail notice to the affected property owner or customer of record; and

WHEREAS, the revenues derived from the water services charges and wastewater service charges will not exceed the funds required to provide the services and shall be used exclusively for the operation and maintenance of the water systems and wastewater system, respectively; and

WHEREAS, the water service charges and wastewater service charges are equitable to all customer classes; and

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

WHEREAS, the proposed water service charges and wastewater service charges will not be imposed on a parcel unless the services are actually used by, or immediately available to, the owner of the parcel; and

WHEREAS, article XIII D, section 6 of the California Constitution (“Article XIII D”) requires that prior to imposing any new property-related fee such as the water service charges and wastewater service charges, or increase to existing water or wastewater service charges, the Authority shall provide written notice (the “Notice”) by mail of the proposed increases to the water or wastewater service charges to the record owner of each parcel upon which the service charges are proposed for imposition and any tenant directly liable for payment of the service charges, the amount of the service charges proposed to be imposed on each parcel, the basis upon which the service charges were calculated, the reason for the service charges, and the date time and location of a public hearing (the “Hearing”) on the proposed service charges; and

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

WHEREAS, on October 18, 2018 in accordance with the provisions of Article XIID of the California Constitution (Proposition 218) the District set a public hearing date of December 20, 2018 and mailed out notices of proposed increases in the District's water and wastewater rates to the affected property owners or customers on November 5, 2018 (not less than 45 days prior to the public hearing on the proposed rates); and

WHEREAS, at the Hearing, the Board considered all written materials and written protests to the proposed new or increased water service charges and wastewater service charges received prior to the close of the Hearing, and heard oral testimony concerning the establishment and imposition of the proposed water and wastewater service charges, and at the close of the Hearing the Authority determined that it did not receive written protests against the establishment and imposition of the proposed water service charges or and wastewater service charges from a majority of the affected property owners or tenants directly liable for the payment of such water service charges or wastewater service charges, respectively; and

WHEREAS, the Board now desires to adopt the water service charges and wastewater service charges, in the maximum amounts and on the dates set forth in Exhibit A hereto, effective January 1, 2019; and

WHEREAS, the Board further desires to authorize the Water Pass-Throughs and the Wastewater Pass-Throughs, all subject to the limitations included herein.

NOW THEREFORE, the Board of Directors of the Lake Hemet Municipal Water District does hereby resolve, determine, and order as follows:

Section 1. All of the foregoing recitals are true and correct, and the Board so finds and determines the recitals set forth above are incorporated herein and made an operative part of this Resolution.

Section 2. The Board conducted its public hearing on December 20, 2018 at 5:30 p.m. at 26385 Fairview Avenue, Hemet, CA, 92544, in order to receive oral and written testimony regarding this Resolution. Said date and time were not less than forty-five (45) days after the mailing of the notice as set forth above.

Section 3. The Board hereby finds that written protests against the rates set forth herein were not presented in a number representing a majority of the affected parcels upon which the rates are to be imposed and therefore, the Board is authorized to impose the increased rates and charges as set forth on Exhibit A.

Section 4. The Board finds that the adoption of the rates and charges set forth herein is necessary and reasonable to fund the operations and maintenance of the District water and wastewater system, recover rising costs and restore the reserve fund. The Board further finds that: (1) the revenue derived from the water service and wastewater service charges, including as adjusted by any Water or Wastewater Pass-Throughs, established by this Resolution do not exceed the funds required to provide water or wastewater service, respectively; (2) the revenue derived from the water or wastewater service charges, including as adjusted by any Water or Wastewater Pass-Through, established by this Resolution are not used for any other purpose than that for which the charges are imposed; (3) the amount of the water service charges and wastewater service charges, including as adjusted by any Water or Wastewater Pass-Through, imposed on parcels within the District, do not exceed the proportional cost of providing water or wastewater service (respectively) to parcels upon which they are imposed; and (4) the water and wastewater service charges, including as adjusted by any Water or Wastewater Pass-Through, are imposed for water and wastewater services which are immediately available to Authority customers and are not levied for general governmental services.

Section 5. The Board hereby adopts the rates and charges for each separate rate classification for each separate service area as set forth in Exhibit A attached to this Resolution. Additionally, the Board hereby adopts the Water Pass-Throughs and the Wastewater Pass-Throughs, subject to the limitations set forth in the Recitals hereto.

Section 6. All resolutions or administrative actions by the Board, or parts thereof, which are inconsistent with any provision of this Resolution, are hereby superseded, to the extent of such inconsistency. Any rates or fees associated with water and service that are not addressed in this Resolution or Exhibit A shall remain in full force and effect as previously adopted by the

Board. To the extent any charges established by this Resolution are inconsistent with any other fee or charge previously adopted by the Board, it is the explicit intention of the Board that the charges adopted pursuant to this Resolution shall prevail.

Section 7. The Board finds that the charges established by this Resolution are for the purposes of: (A) meeting operational expenses; (B) purchasing or leasing supplies, equipment, or materials; (C) meeting financial reserve needs and requirements; and (D) obtaining funds for capital projects necessary to maintain service within existing service areas, as set forth in this Resolution, and therefore, the establishment of such rates is not subject to the California Environmental Quality Act.

Section 8. If any section, subsection, clause or phrase in this Resolution or the attached Exhibits is for any reason held to be invalid; the validity of the remainder of the Resolution or Exhibits shall not be affected thereby.

Section 9. The proposed rates and charges set forth herein shall become effective January 1, 2019.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Lake Hemet Municipal Water District held on the 20th day of December, 2018.



President of the Board of Directors

ATTEST :



Secretary/Treasurer of the Board of Directors

EXHIBIT "A"

Table 1: Proposed Monthly Fixed Service Charges – Hemet / San Jacinto Valley

Meter Size	Current Service Charge	Proposed Service Charge
3/4" or less	\$31.50	\$29.92
1"	\$35.51	\$34.45
1 1/2"	\$45.51	\$45.68
2"	\$57.50	\$59.20
3"	\$89.61	\$102.05
4"	\$125.69	\$165.12
6"	\$282.92	\$316.08
8"	\$502.62	\$654.08
10"	\$785.54	\$969.56
12"	\$1,131.66	\$1,217.45
16"	\$2,011.51	\$1,780.76

Table 2: Proposed Monthly Variable Charges – Hemet / San Jacinto Valley

Customer Class/Tier	Current Tiers (hcf)	Current Rate (\$/hcf)	Proposed Tiers (hcf)	Proposed FYE 2019 Rate (\$/hcf) ¹
Potable				
Tier 1	0 - 7	\$2.38	0-5	\$2.12
Tier 2	7.01 - 13	\$2.47	5.01-13	\$2.28
Tier 3	13.01 - 25	\$2.71	>13	\$3.43
Tier 4	25.01 - 38	\$2.99	N/A	-
Tier 5	> 38	\$3.46	N/A	-
Non-Potable	Uniform	Varies	Uniform	\$2.01

NOTES:

1. HCF means hundred cubic feet which is approximately 748 gallons.
2. All non-residential customers will be also be charged the same rates as above. The tier volumes for meters larger than 1" will be increased by meter capacity ratio shown in Table 4-35 of the Cost of Service Study.
3. Monthly water bills are charged whole water billing units (HCF).

Table 3: Proposed Pumping Monthly Charges - Hemet / San Jacinto Valley

Zone	Current Pumping Charge	FYE 2019 Proposed Pumping Charge/HCF
1000 & 1101	\$0.26	\$0.44
1100	\$0.33	\$0.33
1200 & 1201	\$0.32	\$0.29
1300 & 1301	\$0.17	\$0.11
1400	\$0.35	\$0.19
1500	\$0.40	\$0.56
1600	\$0.08	\$0.07

Table 4: Proposed Backflow Testing Charge - Hemet / San Jacinto Valley

	Current Monthly Backflow Testing Charge	Proposed Monthly Backflow Testing Charge
All Backflow Assemblies	\$6.67	\$6.67

Table 5: Proposed Monthly Private Fire Service Charges - Hemet / San Jacinto Valley

Connection Size	Current Monthly Private Fire Line Charge	Proposed Monthly Private Fire Line Charge
4"	\$4.00	\$1.36
6"	\$6.00	\$2.04
8"	\$8.00	\$2.72
10"	\$10.00	\$3.40
12"	\$12.00	\$4.08

Table 6: Proposed Bi-Monthly Fixed Service Charges – Garner Valley

Meter Size	Current Fixed Charge	FYE 2019 Fixed Charge (Jan 1, 2019)	FYE 2020 Fixed Charge (Jan 1, 2020)
5/8"	\$37.26	\$59.84	\$61.04
3/4"	\$37.26	\$59.84	\$61.04
1"	\$37.26	\$68.92	\$70.30
1 1/2"	\$37.26	\$91.39	\$93.22
2"	\$37.26	\$118.47	\$120.84
3"	\$37.26	\$204.28	\$208.37
4"	\$37.26	\$330.55	\$337.17

Table 7: Proposed Bi-Monthly Variable Charges – Garner Valley

Customer Class/Tier	Current Tiers (hcf)	Current Rate (\$/hcf)	Proposed Tiers	FYE 2019 Variable Charge (Jan 1, 2019)	FYE 2020 Variable Charge (July 1, 2020)
Tier 1	0-20	\$1.63	Uniform	\$2.68	\$4.06
Tier 2	20.01-50	\$1.91	N/A	-	-
Tier 3	50.01-150	\$2.27	N/A	-	-
Tier 4	150.01-250	\$2.98	N/A	-	-
Tier 5	>250.01	\$3.71	N/A	-	-

Table 8: Current and Proposed Wastewater Monthly Service Charge - Hemet / San Jacinto Valley

Customer Class	Current Base Charge (\$/Month)	FYE 2019 Base Charge (\$/Month)
All Customers	\$4.07	\$4.07