



RESOLUTION No. 2019-06

OF THE BOARD OF DIRECTORS OF THE NEVADA IRRIGATION DISTRICT

**(FOLLOWING NOTICE AND HEARING AUTHORIZING INCREASES
IN RATES AND CHARGES FOR TREATED AND RAW WATER, DROUGHT RATES,
AND PRIVATE HYDROELECTRIC WATER RATES)**

WHEREAS, Nevada Irrigation District (NID) is an irrigation district formed and existing under the provisions of Division 11 of the Water Code of the State of California; and,

WHEREAS, NID owns and maintains a system of reservoirs, canals, pipelines, treatment facilities, storage tanks, and related facilities to deliver treated and untreated (raw) water to NID customers in Nevada, Placer and Yuba Counties; and,

WHEREAS, NID established a 2018 Rates Committee made up of ten members of the public and two Board members; and,

WHEREAS, the 2018 Rates Committee was tasked with analyzing and providing recommendations regarding NID's revenue requirements of operating, maintaining, repairing and improving NID's facilities to provide a continuous safe and reliable water supply to NID's customers for the next five years; and,

WHEREAS, NID and its 2018 Rates Committee held six public meetings over six months to review NID's financial information, including prior budgets, the 2013 Cost of Service Study, and the 10-Year Financial Plan; and,

WHEREAS, NID retained an expert financial consultant, NBS, to conduct a review of its current level of rates and its rate structures for treated and raw water, and to receive input and direction from NID and the 2018 Rates Committee; and,

WHEREAS, NID, with input from the 2018 Rates Committee and NBS, caused to be prepared a Cost of Service Study that determined that an increase in water rates and charges was necessary to satisfy NID's revenue requirements over the studied period, and articulated proposed rates for NID customers; and,

WHEREAS, on December 12, 2018, the Board of Directors did adopt and approve the proposed operating and non-operating budget for the year 2019; and,

WHEREAS, the Cost of Service Study containing the 2018 Rates Committee's and NBS' recommendations were presented to the NID Board of Directors and the Board on February 27, 2019, did accept the Cost of Service Study and authorized the proposed rate change process to begin; and,

WHEREAS, the Board of Directors proposed for adoption, subject to notice and hearing as required by the California Constitution Article XIII D, Section 6 (Proposition 218), each adopted rate and the schedule of increases thereto for the 2019 through 2023 rate years as set forth in the Cost of Service Study; and,

WHEREAS, notices of the proposed rate changes were mailed to all NID customers and landowners in accordance with Proposition 218 (Notices) and the Notices included the requisite information required by Proposition 218 including, without limitation, a schedule of proposed rates and charges, the date, time and location of the public hearing, and instructions on how to file written protests to the proposed rate change; and,

WHEREAS, the Board of Directors convened a duly noticed public meeting and hearing on April 24, 2019, for the purpose of receiving and considering all qualifying and timely submitted oral and written protests concerning the proposed increased fees and charges; and,

WHEREAS, NID's adopted 2019 budget, Water Rate Study, Cost of Service Analysis, 10-Year Financial Plan and related financial supporting information has been made available for public review for a period substantially in excess of fourteen (14) days prior to its April 24, 2019, regular meeting; and,

WHEREAS, in accordance with the requirements of Proposition 218 and Government Code section 53755(a)(1) and (a)(2), NID's April 24, 2019 hearing on the proposed increases in its water rates and charges was held not less than 45 days after it provided the Notices by mail to the record owners of each affected parcel upon which the respective increased fees and charges are proposed for imposition; and,

WHEREAS, at the conclusion of the hearing, the Board of Directors caused to be counted all qualifying and timely submitted written protests to the proposed increased fees and charges and it was determined that the written protests received and not withdrawn represent less than 50% of the affected parcels within NID that are subject to the proposed increased fees and charges; and,

WHEREAS, the Board of Directors finds that, based on the adopted budget, the NBS Cost of Service Study, and the evidence received in connection with NID's

expenses and projected revenues, increases in rates and charges as set forth in Exhibit "A" are necessary in order to provide revenues adequate to fund the continued operation and maintenance of NID's treated and raw water systems, including reasonable allowances for contingencies and depreciation; and,

WHEREAS, the rates set forth in Exhibit "A" in all cases reflect a reduction in the proposed increase in rates and charges as set forth in the Cost of Service Study and Notices; and,

WHEREAS, because the rates and charges set forth in Exhibit "A" represent in all cases a reduction in rates applicable to parcels within NID as compared to the Cost of Service Study and Notices, the Board of Directors finds that NID is not required to repeat the Proposition 218 process prior to adopting and implementing the rate changes set forth in Exhibit "A"; and,

WHEREAS, the Board of Directors finds that NID has complied with all requirements of law, including those set forth in Proposition 218, in analyzing, noticing, considering and in now adopting the proposed changes in fees and charges, and that adopting the proposed fees and charges set forth in Exhibit "A" are in the best interest of Nevada Irrigation District and its customers; and,

WHEREAS, in accordance with Public Resources Code section 21080, subdivision (b)(8) and Title 14 of the California Code of Regulations section 15273, subdivision (a), the Board of Directors finds that the change in NID's rates and charges are for the purpose of meeting NID operating expenses, purchasing supplies, equipment and materials, meeting financial reserve requirements, and funding capital projects necessary to maintain service within NID's existing service area, and the Board's approval of rates is therefore not subject to or is exempt from the California Environmental Quality Act (CEQA).

WHEREAS, the Board further finds that in order to mitigate the impact of rate increases to customers, the District must waive Policy 3040 - Reserves, establishing operating reserves at six months of operations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Nevada Irrigation District as follows:

1. The Recitals set forth in this Resolution are true and correct statements and are incorporated as an operative part of this Resolution and made findings and determinations of the Board of Directors. NID's Cost of Service study is incorporated herein by this reference as additional findings and determinations of

the Board of Directors.

2. Revenues derived from the water rates approved by this Resolution do not exceed the funds required to provide water service.
3. Revenues derived from the water rates approved by this Resolution will not be used for any other purpose other than providing water service.
4. The amount of water rates imposed upon any parcel or person as an incident of property ownership within NID's service area will not exceed the proportional cost of the water service attributable to the parcel.
5. NID does hereby accept and approve the schedule of rates and charges for its treated and raw water customers for the years 2019 through 2021 and adopts the drought and hydroelectric rates, all of which are more fully detailed in Exhibit "A".
6. The increases in fees and charges set forth in Exhibit "A" shall be made effective on July 1, 2019, with the succeeding annual increases effective on the 1st day of January in years 2020 and 2021 as set forth in Exhibit "A".
7. NID will transfer \$22 million from hydroelectric reserves to the water fund to cover costs over the 3-year period.
8. NID will transfer \$3.6 million from investment earnings to the water fund to cover costs over the 3-year period.
9. NID will transfer \$1.2 million from non-operating revenue to the water fund to cover costs over the 3-year period.
10. If any section, subsection, sentence, clause, or action in this Resolution or any part thereof, is for any reason held to be unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Resolution or any part thereof. The Board of Directors hereby declares that it would have adopted each section irrespective of the fact that any one or more of the sections, subsections, sentences, clauses, or actions be declared unconstitutional, invalid, or ineffective.
11. District staff is directed to develop options for presentation to the Board of

Resolution No. 2019-06
Following Notice and Hearing
Authorizing Increases in Rates and Charges for Treated and Raw Water
Page 5

Directors at the July board meeting to reduce the 2019 budget by a minimum of 5%.

12. District staff is directed to deliver a new cost of service study under Proposition 218 in the first quarter of 2020 utilizing a more detailed cost of service study; including specific allocations between raw and treated water customers.
13. This Resolution shall take immediate effect upon its adoption.
14. Waive District Policy for Unrestricted Designated Reserves – Operating Reserve 3040.4.1 which establishes that the fund must strive to maintain a minimum reserve level of six months of annual budgeted operating costs using a three-year running average, approximately 180 days of operating cash for an individual Division (Water, Hydroelectric, Recreation).

* * * *

PASSED AND ADOPTED by the Board of Directors of Nevada Irrigation District at a regular meeting duly called and held within the District on the 24th day of April 2019 by the following roll call vote:

AYES: Directors: Peters, Heck, Miller
NOES: Directors: Bierwagen, Wilcox
ABSENT: Directors:
ABSTAINS: Directors:



President of the Board of Directors

Attest:



Secretary to the Board of Directors

EXHIBIT "A"

Proposed Treated Water Rate Schedule					
Water Rate Schedule	Current Rates - Bi-Monthly	Current Rates - Monthly	Proposed Monthly Treated Water Rates		
			2019	2020	2021
Fixed Service Charge					
<i>Monthly Fixed Service Charge Inside District, Treated Water Customers Standard Meters:</i>					
5/8 inch	\$49.65	\$24.83	\$26.25	\$27.75	\$29.33
3/4 inch	\$74.49	\$37.25	\$39.37	\$41.62	\$44.00
1 inch	\$124.13	\$62.07	\$65.61	\$69.37	\$73.34
1.5 inch	\$248.29	\$124.15	\$131.23	\$138.74	\$146.67
2 inch	\$397.27	\$198.64	\$209.97	\$221.98	\$234.68
3 inch	\$744.86	\$372.43	\$419.94	\$443.96	\$469.35
4 inch	\$1,241.45	\$620.73	\$656.15	\$693.68	\$733.36
6 inch	\$2,482.89	\$1,241.45	\$1,312.30	\$1,387.36	\$1,466.72
8 inch	\$3,972.63	\$1,986.32	\$2,099.68	\$2,219.78	\$2,346.75
<i>Monthly Fixed Service Charge Outside District, Treated Water Customers Standard Meters:</i>					
5/8 inch	\$62.06	\$31.03	\$32.81	\$34.68	\$36.67
3/4 inch	\$93.11	\$46.56	\$49.21	\$52.03	\$55.00
1 inch	\$155.16	\$77.58	\$82.02	\$86.71	\$91.67
1.5 inch	\$310.36	\$155.18	\$164.04	\$173.42	\$183.34
2 inch	\$496.59	\$248.29	\$262.46	\$277.47	\$293.34
3 inch	\$931.08	\$465.54	\$524.92	\$554.95	\$586.69
4 inch	\$1,551.81	\$775.91	\$820.19	\$867.10	\$916.70
6 inch	\$3,103.61	\$1,551.81	\$1,640.37	\$1,734.20	\$1,833.40
8 inch	\$4,965.79	\$2,482.89	\$2,624.60	\$2,774.73	\$2,933.44
<i>Additional Monthly Regulatory Fee</i>					
All Treated Customers			\$1.90	\$1.90	\$1.90
Volumetric Service Charge					
<i>Tiered Rate Charge Inside District, Treated Water Customers Standard Meters:</i>					
Tier One	(same as current monthly)	\$2.05	\$2.17	\$2.29	\$2.42
Tier Two		\$2.65	\$2.80	\$2.96	\$3.13
<i>Tiered Rate Charge Outside District, Treated Water Customers Standard Meters:</i>					
Tier One	(same as current monthly)	\$2.56	\$2.71	\$2.86	\$3.03
Tier Two		\$3.31	\$3.50	\$3.70	\$3.91

Proposed Seasonal Raw Rate Schedule					
Water Rate Schedule	Current Rates	Proposed Raw Rates			
		2019	2020	2021	2022
Fixed Service Charge					
Inside	\$483.23	\$510.87	\$540.09	\$570.99	\$570.99
Outside ¹	\$604.04	\$638.59	\$675.12	\$713.73	\$713.73
Volumetric Service Charge					
<i>Volumetric Service Charge, Inside District Raw Customers:</i>					
Per MI	\$284.77	\$301.06	\$318.28	\$336.48	\$336.48
<i>Volumetric Service Charge, Outside District Raw Customers:</i>					
Per MI	\$355.96	\$376.32	\$397.85	\$420.61	\$420.61
Small Hydroelectric Generators: Water customers who generate electricity using canal water will pay the Fixed Service Charge and 10 percent of the Volumetric Service Charge.					

1. Winter Seasonal Raw Rates = 125% of Summer Raw Rates, and outside winter users = 1.56% of Inside Summer Raw Rates (i.e., 1.25 x 1.25).
2. Small Hydroelectric Rates = Fixed Charge plus 10% of volumetric charge

EXHIBIT "A"

Treated Drought Rates

Fiscal Year	Stage 2		Stage 3		Stage 4	
	T1 Rate	T2 Rate	T1 Rate	T2 Rate	T1 Rate	T2 Rate
FY 2019	\$2.71	\$3.50	\$3.37	\$4.36	\$4.52	\$5.84
FY 2020	\$2.85	\$3.68	\$3.54	\$4.57	\$4.72	\$6.10
FY 2021	\$2.99	\$3.87	\$3.71	\$4.80	\$4.93	\$6.37

Raw Drought Rates

Fiscal Year	Stage 2		Stage 3		Stage 4	
	Summer Rate	Winter Rate	Summer Rate	Winter Rate	Summer Rate	Winter Rate
FY 2019	\$360.66	\$450.83	\$444.44	\$555.55	\$501.76	\$627.21
FY 2020	\$379.63	\$474.54	\$466.97	\$583.71	\$530.99	\$663.73
FY 2021	\$399.38	\$499.22	\$490.44	\$613.05	\$561.36	\$701.70