



June 2011 Board Letter

Date: 06/16/2011

To: Board of Directors

From: General Manager

RE: Budget and Rate and Charges

Action Item: 7.1

Recommendation: It is recommended that the Board adopt the proposed budget for fiscal year 2011-2012, adopt the attached resolution reflecting the appropriate rates and charges based on the proposed budget along with modifications to the Administrative Code and adopt the proposed creation of the Future Capital Facilities and Improvement Fund.

Attached is the proposed budget for fiscal year 2010-2011. A detailed presentation of the budget was provided at the May 16, 2011 meeting. Additionally the budget has been discussed with the retail agency managers and includes their input.

The following are refinements to the budget since the May 16, 2011 meeting:

- The recycled water study costs were redistributed to delete Crescenta Valley Water District and Kinneloa Irrigation District from the CEQA process.
- The transmission facilities study costs were increased to include studying the pipelines for seismic risks.
- The \$30,000 costs to protect the Arroyo Pump Station from a Devil's Gate Dam failure were deleted.
- An Administrative charge has been assessed to Kinneloa Irrigation District.

The budget reflects total revenues of about \$12.5 million and expenses of 12.8 million including depreciation. The use of the Water Resource Fund and previously collected CIP and Rehabilitation charges offsets the approximately \$300,000 difference between the revenues and expenses. A net income of about \$200,000 is expected as part of the accrual into the CIP and Rehabilitation fund to help offset significant increases in charges for future improvements.

Based on 10,000 AF of Metropolitan water purchases, expenses are about:

- \$ 8.7 million for the cost of purchasing water
- \$ 806,000 for the purchase of power
- \$ 1.15 million for wages and employee benefits
- \$267,000 for utility plant repairs and maintenance
- \$ 268,000 for administrative and general expenses
- \$ 196,000 for professional services
- \$142,000 for equipment replacement,
- \$1.04 million for capital projects, and

- \$207,000 for depreciation.

Revenues include about:

- \$11.6 million from sales,
- \$20,000 from interest earnings,
- \$75,000 from taxes, and
- \$13,000 for administration of the Foothill Conjunctive Use Program.
- \$27,500 is budgeted to be used from the Water Resource and Conservation fund for conservation efforts next year.
- \$468,000 is carried over from previously collected Capital and Rehabilitation charge.

Attached are two resolutions. The first resolution provides for adopting the proposed changes to the rates and charges. The resolution has been attached in final form for ease in reading and also strikeout/underline for comparison purposes. The resolution modifies the Administrative Code. The second resolution modifies the District's reserve policy to include a separate fund for the money collected and not expended for the Capital and Rehabilitation charge. This fund is created based on the recommendation of the auditor and is considered a Board restricted fund.

A consultant has been hired to review the current reserve policy and provide recommendations for improvements to the policy. His findings will be brought forward to the Board this summer.

Prior Board Action:

June 2009 – Adopted fiscal year 2009-2010 budget, revised rate structure and adopted calendar year 2010 rates and charges

June 2010 – Adopted fiscal year 2010-11 budget and adopted calendar 2011 rates and charges

Impact on Budget:

As outlined in letter.

RESOLUTION NO. ~~793786-0610~~0611

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
FOOTHILL MUNICIPAL WATER DISTRICT
AMENDING RESOLUTION NO. 643-0100
(THE ADMINISTRATIVE CODE)
AS IT RELATES TO RATES, FEES AND CHARGES
FOR WATER DELIVERIES**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF FOOTHILL MUNICIPAL WATER DISTRICT as follows:

1. Purpose.

This resolution substantially revises Resolution No. 643-0100 as it relates to rates, fees and charges by the District for the delivery of water.

2. Findings.

The board of directors finds:

(a) The rates, fees and charges set forth herein are based on evidence presented to the board at a duly-noticed public hearing.

(b) The rates, fees and charges set forth herein do not exceed the reasonable cost of the service for which the rate, fee or charge has been levied.

(c) The rates, fees and charges set forth herein are reasonable and necessary to maintain service at the current level.

(d) The adoption of this resolution and the levy and collection of the rates, fees and charges set forth herein will have no significant impact on the environment.

3. Amendment.

Chapter 4 of Title 3 of Resolution No. 643-0100 is amended and reenacted to read as follows:

"CHAPTER 4. WATER RATES AND CHARGES

3-4.001 GENERAL

This Chapter sets forth the rates and charges for water delivered by the District.

3-4.002 DEFINITIONS

The following terms are defined for the purposes of this chapter:

Customer means a water district, agency, association, firm or corporation which purchases water from the District.

District means Foothill Municipal Water District.

Firm deliveries means the direct use of water, other than groundwater, for reasonable and beneficial uses.

Replenishment deliveries mean water delivered for groundwater storage/injection under Metropolitan's Long Term Storage Program.

Metropolitan means The Metropolitan Water District of Southern California.

Treated water means water treated by filtration and disinfection at a Metropolitan surface water treatment facility and meets drinking water standards.

3-4.003 FIRM DELIVERIES

(a) The amount of firm water the District can deliver for direct use and the price is a function of the terms under which Metropolitan delivers water to the District. In brief,

Metropolitan has assigned an "initial base firm demand" to the District for the period between January 1, 2003, and December 31, 2012. Metropolitan will change the base firm amount if the rolling ten-year average Metropolitan firm water purchases by Foothill are greater than this initial base firm demand. The District must purchase 60% times ten of the initial base firm demand from Metropolitan during the ten-year period. Metropolitan will charge lower rates ("Tier 1") for 90% of the base firm demand purchased annually. Metropolitan will charge higher rates ("Tier 2") for purchases greater than 90% of the base firm demand.

(b) The District has allocated the base firm demand among customers based on actual fiscal year 2001-02 firm deliveries. The amount assigned annually to each customer by the District is called the customer's "base allocation." The following is the base allocation and Tier 1 acre foot allocations for the District's agencies for calendar years 2009 and 2010:

	<u>Base Allocation</u>	<u>Tier 1 Allocation</u>	<u>Tier 2 Allocation</u>
Crescenta Valley Water District	2,393.3	2,154.0	all excess of Tier 1
La Cañada Irrigation District.	2,878.9	2,590.9	"
Las Flores Water Company	776.2	698.6	"
Lincoln Avenue Water Company	1,774.4	1,597.0	"
Mesa Crest Water Company	744.2	669.8	"
Rubio Cañon Land & Water Assoc.	1,037.9	934.1	"
Valley Water Company	<u>2,613.8</u>	<u>2,352.4</u>	"
	12,218.7	10,996.8	

Each customer's base allocation may change if the District's initial base firm demand is changed, but the sum of the base allocations of all customers shall continue to be the same as the base firm demand assigned by Metropolitan to the District.

(c) If the District's base firm demand is changed, a customer's base allocation will change in proportion to the amount the customer contributed to the change in comparison to the total increase in the District's base firm demand. However, a customer's initial base allocation will not decrease because of increases to other agency allocations.

(d) Customers shall pay the following rates per acre foot for firm deliveries from the listed reservoir or main transmission line leading thereto:

		<u>Effective January 1, 2010</u>
Tier 1	\$ 701	
Tier 2	\$ 811	
		<u>Effective January 1, 2011</u>
Tier 1	\$ 744	
Tier 2	\$ 869	
		<u>Effective January 1, 2012</u>
Tier 1	\$ 794	
Tier 2	\$ 920	

(e) In the month that any agency exceeds 90% of its base firm demand, that agency will be billed Tier 2 ~~at the~~ higher rates. The District will be charged Tier 2 rates by Metropolitan when it exceeds its Tier 1 allocation. Any surplus Tier 2 revenue collected by the District through Tier 2 charges when the District does not go into Tier 2 allocation will be used for conservation and reliability projects within the District.

(f) Each customer shall purchase for direct use not less than 60% times ten of its initial base allocation of potable water during the ten-year period commencing January 1, 2003. Each customer shall pay the average of the Tier 1 Supply Rate in effect for the ten-year period beginning January 1, 2003, plus District charges per acre-foot for the difference between the portion of this requirement that is delivered and the amount not delivered if the District has

not purchased 60% times ten of its initial base allocation of potable water during the ten-year period commencing January 1, 2003.

3-4.004 REPLENISHMENT CHARGE

(a) The District may obtain Metropolitan water for indirect uses such as groundwater storage/injection. ~~Metropolitan's treated replenishment rate per acre-foot effective January 1, 2009, is \$436. Effective September 1, 2009, Metropolitan's treated replenishment rate will be \$558 per acre-foot.~~

(b) Customers shall pay the following rates for water delivered for Long Term Storage:

(1) Effective January 1, ~~2010~~**2011**, customers shall pay ~~\$558~~**601** per acre-foot for water delivered for Long Term Storage.

(2) Effective January 1, ~~2011~~**2012**, customers shall pay ~~\$601~~**651** per acre-foot for water delivered for Long Term Storage.

(c) Long Term Storage deliveries shall be available at Metropolitan's and the District's discretion, and may be interrupted at any time by Metropolitan or the District. District agencies shall comply with Metropolitan's adopted terms and conditions for Long Term Storage.

3-4.005 CAPACITY CHARGE

(a) Each customer shall pay a charge based on the capacity of the District's system and the capacity of the system of Metropolitan needed to serve water to the customer.

(1) After January 1, 2010, each customer shall pay \$7,200 per CFS of flow used for setting the peak rate. The capacity charge for each customer shall be paid monthly commencing January 1, 2010, as follows:

	Flows	Monthly Amount
Crescenta Valley Water District	6.7	\$ 4,020
La Cañada Irrigation District	5.9	3,540
Las Flores Water Company	1.4	840
Lincoln Avenue Water Company	3.0	1,800
Mesa Crest Water Company	1.7	1,020
Rubio Cañon Land & Water Assoc.	0.0	0
Valley Water Company	6.7	4,020

(2) After January 1, 2012, each customer shall pay \$7,852.46 per CFS of flow used for setting the peak rate. The capacity charge for each customer shall be paid monthly commencing January 1, 2010, as follows:

	Flows	Monthly Amount
<u>Crescenta Valley Water District</u>	<u>6.1</u>	<u>\$ 3,992</u>
<u>La Cañada Irrigation District</u>	<u>6.5</u>	<u>4,253</u>
<u>Las Flores Water Company</u>	<u>0.9</u>	<u>589</u>
<u>Lincoln Avenue Water Company</u>	<u>4.3</u>	<u>2,814</u>
<u>Mesa Crest Water Company</u>	<u>1.7</u>	<u>1,112</u>
<u>Rubio Cañon Land & Water Assoc.</u>	<u>0.0</u>	<u>0</u>
<u>Valley Water Company</u>	<u>3.4</u>	<u>2,225</u>

(b) If the capacity charge is revised by Metropolitan the revised capacity charge will be reallocated to each customer based on the capacity of the District's system and the capacity of Metropolitan's system needed to serve water to the customer on the effective date of the revision. The District will allocate the revised capacity charge to customers in proportion to their share in the revised peak twenty-four hour demand.

(c) Demands measured for the purposes of billing the capacity charge include all firm demand deliveries. Replenishment service is not included in the measurement of peak day demand for purposes of billing the capacity charge.

(d) The capacity charge shall be paid regardless of the quantity of water delivered. The capacity charge shall be in addition to and shown separate from other charges invoiced by the District.

3-4.006 READINESS-TO-SERVE (RTS) CHARGES

(a) Metropolitan has adopted Readiness-to-Serve (RTS) charges applicable to the District, based upon historic average annual water deliveries as calculated and defined by Metropolitan. A portion of the District RTS charge obligation will be met through a parcel charge imposed by Metropolitan within the District service area. However, the parcel charge is inadequate to cover the District's entire RTS charge. The District will collect the remainder of the RTS charge from customers, using the same methodology as Metropolitan.

(b)

~~(1) Commencing January 1, 2010, each customer shall pay the following monthly RTS charge to the District:~~

Crescenta Valley Water District	\$ 7,132
La Cañada Irrigation District	\$ 8,780
Las Flores Water Company	\$ 2,219
Lincoln Avenue Water Company	\$ 3,798
Mesa Crest Water Company	\$ 2,231
Rubio Cañon Land & Water Assoc.	\$ 2,788
Valley Water Company	\$ 8,138

~~(2) Commencing January 1, 2011, each customer shall pay the following monthly RTS charge to the District:~~

Crescenta Valley Water District	\$ 9,040
La Cañada Irrigation District	\$ 11,011
Las Flores Water Company	\$ 2,744
Lincoln Avenue Water Company	\$ 4,967
Mesa Crest Water Company	\$ 2,805
Rubio Cañon Land & Water Assoc.	\$ 3,484
Valley Water Company	\$ 10,319

~~(2) Commencing January 1, 2012, each customer shall pay the following monthly RTS charge to the District:~~

Crescenta Valley Water District	\$ 10,305
La Cañada Irrigation District	\$ 12,433
Las Flores Water Company	\$ 3,077
Lincoln Avenue Water Company	\$ 6,057
Mesa Crest Water Company	\$ 3,214
Rubio Cañon Land & Water Assoc.	\$ 3,876

Valley Water Company \$ 11,778

(c) The monthly RTS charge shall be paid regardless of the quantity of water delivered during the month. The monthly RTS amount due shall be in addition to and shown separate from other charges invoiced by the District.

3-4.007 CAPITAL AND REHABILITATION CHARGE

(a) Each customer shall pay for a share of the District's capital and rehabilitation costs necessary to serve each customer.

~~(b) Commencing January 1, 2010, the monthly capital and rehabilitation fee for each customer is as follows:~~

Crescenta Valley Water District	\$ 40,872.08
Kinneloa Irrigation District	\$ 562.17
La Cañada Irrigation District	\$ 34,935.75
Las Flores Water Company	\$ 2,569.50
Lincoln Avenue Water Company	\$ 5,352.08
Mesa Crest Water Company	\$ 5,347.08
Rubio Cañon Land & Water Assoc.	\$ 4,339.08
Valley Water Company	\$ 25,257.17

~~(b)~~ Commencing January 1, 2011, the monthly capital and rehabilitation fee for each customer is as follows:

Crescenta Valley Water District	\$ 18,111.47
Kinneloa Irrigation District	\$ (51.40)
La Cañada Irrigation District	\$ 18,320.97
Las Flores Water Company	\$ 1,884.99
Lincoln Avenue Water Company	\$ 3,047.19
Mesa Crest Water Company	\$ 3,603.97
Rubio Cañon Land & Water Assoc.	\$ 4,153.55
Valley Water Company	\$ 18,812.71

~~(c) Commencing January 1, 2012, the monthly capital and rehabilitation fee for each customer is as follows:~~

Crescenta Valley Water District	\$ 204,665-17,055.42
Kinneloa Irrigation District	\$ (4,038)- (336.50)
La Cañada Irrigation District	\$ 204,473- 17,039.42
Las Flores Water Company	\$ 19,937- 1,661.42
Lincoln Avenue Water Company	\$ 26,000- 2,166.67
Mesa Crest Water Company	\$ 37,475- 3,122.92
Rubio Cañon Land & Water Assoc.	\$ 52,977- 4,414.75
Valley Water Company	\$ 220,872- 18,406.00

3-4.008 ADMINISTRATIVE AND OPERATING CHARGES

(a) Each customer shall pay for a share of the District's administrative and operating costs attributable to the provision of water service to that customer. The customer's share is based on the ten-year rolling averages of sales, including wheeled water during each fiscal year commencing July 1, 1998.

~~(b) Commencing January 1, 2010, each customer shall pay the following proportion of the District's administrative and operating costs:~~

Crescenta Valley Water District	18%
Kinneloa Irrigation District	0%

La Cañada Irrigation District	22%
Las Flores Water Company	6%
Lincoln Avenue Water Company	12%
Mesa Crest Water Company	6%
Rubio Cañon Land & Water Assoc.	10%
Valley Water Company	27%

~~(c) Commencing January 1, 2011, each customer shall pay the following proportion of the District's administrative and operating costs:~~

Crescenta Valley Water District	18%
Kinneloa Irrigation District	0%
La Cañada Irrigation District	22%
Las Flores Water Company	6%
Lincoln Avenue Water Company	12%
Mesa Crest Water Company	6%
Rubio Cañon Land & Water Assoc.	10%
Valley Water Company	26%

(db) The District shall bill each customer for administrative and operating costs based on the approved budget for the fiscal year commencing July 1, 2009. For each subsequent fiscal year, the billing shall commence on January 1st for the fiscal year commencing on the preceding July 1st.

~~(e) Commencing January 1, 2010, the monthly administrative and operating charge for each customer is as follows:~~

Crescenta Valley Water District	\$35,711.95
Kinneloa Irrigation District	\$ 0
La Cañada Irrigation District	\$43,282.87
Las Flores Water Company	\$10,806.61
Lincoln Avenue Water Company	\$22,633.37
Mesa Crest Water Company	\$10,872.86
Rubio Cañon Land & Water Assoc.	\$19,214.63
Valley Water Company	\$51,882.25

(fc) Commencing January 1, 2011, the monthly administrative and operating charge for each customer is as follows:

Crescenta Valley Water District	\$30,914
Kinneloa Irrigation District	\$ -0-
La Cañada Irrigation District	\$37,721
Las Flores Water Company	\$ 9,417
Lincoln Avenue Water Company	\$19,903
Mesa Crest Water Company	\$ 9,489
Rubio Cañon Land & Water Assoc.	\$16,678
Valley Water Company	\$44,949

~~(d) Commencing January 1, 2012, the monthly administrative and operating charge for each customer is as follows:~~

Crescenta Valley Water District	\$383,638	31,969.83
Kinneloa Irrigation District	\$ 7,369	614.08
La Cañada Irrigation District	\$468,033	39,002.75
Las Flores Water Company	\$115,687	9,640.58
Lincoln Avenue Water Company	\$261,678	21,806.50
Mesa Crest Water Company	\$119,637	9,969.75
Rubio Cañon Land & Water Assoc.	\$196,998	16,416.50
Valley Water Company	\$544,268	45,355.67

3-4.009 POWER COSTS

Commencing January 1, 2010, each customer will be charged power costs based on the proportionate amount of energy used for delivering water to that customer compared to other customers times the amount of the energy bill for that month or portion of month. Bills will be tendered in arrears. If an agency causes an increase in the peaking charge by a power provider, that agency will be assessed increased charges.

3-4.010 OTHER CHARGES

(a) A retail agency shall reimburse the District for the District’s stranded costs as determined by the Board of Directors if the retail agency imports water from a source other than the District.

(b) Water, in excess of regular deliveries, transported or “wheeled” through the District distribution system for the benefit of a District distributing agency or agencies shall be assessed an administration charge of \$5.00 per acre-foot, plus an amount to reflect any costs to the District arising from the transporting or wheeling of water. Such water shall meet California Department of Public Health standards and approval before being introduced into Foothill’s distribution system.

4. Other.

Except as provided herein, Resolution No. 643-0100 is reaffirmed and readopted.

PASSED, APPROVED AND ADOPTED on _____, ~~2010~~2011.

President

ATTEST:

Secretary

(Seal)

RESOLUTION NO. 793-0611

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
FOOTHILL MUNICIPAL WATER DISTRICT
AMENDING RESOLUTION NO. 643-0100
(THE ADMINISTRATIVE CODE)
AS IT RELATES TO RATES, FEES AND CHARGES
FOR WATER DELIVERIES**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF FOOTHILL MUNICIPAL WATER DISTRICT as follows:

1. Purpose.

This resolution substantially revises Resolution No. 643-0100 as it relates to rates, fees and charges by the District for the delivery of water.

2. Findings.

The board of directors finds:

(a) The rates, fees and charges set forth herein are based on evidence presented to the board at a duly-noticed public hearing.

(b) The rates, fees and charges set forth herein do not exceed the reasonable cost of the service for which the rate, fee or charge has been levied.

(c) The rates, fees and charges set forth herein are reasonable and necessary to maintain service at the current level.

(d) The adoption of this resolution and the levy and collection of the rates, fees and charges set forth herein will have no significant impact on the environment.

3. Amendment.

Chapter 4 of Title 3 of Resolution No. 643-0100 is amended and reenacted to read as follows:

"CHAPTER 4. WATER RATES AND CHARGES

3-4.001 GENERAL

This Chapter sets forth the rates and charges for water delivered by the District.

3-4.002 DEFINITIONS

The following terms are defined for the purposes of this chapter:

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Firm deliveries means the direct use of water, other than groundwater, for reasonable and beneficial uses.

Replenishment deliveries mean water delivered for groundwater storage/injection under Metropolitan's Long Term Storage Program.

Metropolitan means The Metropolitan Water District of Southern California.

Treated water means water treated by filtration and disinfection at a Metropolitan surface water treatment facility and meets drinking water standards.

3-4.003 FIRM DELIVERIES

(a) The amount of firm water the District can deliver for direct use and the price is a function of the terms under which Metropolitan delivers water to the District. In brief,

Metropolitan has assigned an "initial base firm demand" to the District for the period between January 1, 2003, and December 31, 2012. Metropolitan will change the base firm amount if the rolling ten-year average Metropolitan firm water purchases by Foothill are greater than this initial base firm demand. The District must purchase 60% times ten of the initial base firm demand from Metropolitan during the ten-year period. Metropolitan will charge lower rates ("Tier 1") for 90% of the base firm demand purchased annually. Metropolitan will charge higher rates ("Tier 2") for purchases greater than 90% of the base firm demand.

(b) The District has allocated the base firm demand among customers based on actual fiscal year 2001-02 firm deliveries. The amount assigned annually to each customer by the District is called the customer's "base allocation." The following is the base allocation and Tier 1 acre foot allocations for the District's agencies for calendar years 2009 and 2010:

	<u>Base Allocation</u>	<u>Tier 1 Allocation</u>	<u>Tier 2 Allocation</u>
Crescenta Valley Water District	2,393.3	2,154.0	all excess of Tier 1
La Cañada Irrigation District.	2,878.9	2,590.9	"
Las Flores Water Company	776.2	698.6	"
Lincoln Avenue Water Company	1,774.4	1,597.0	"
Mesa Crest Water Company	744.2	669.8	"
Rubio Cañon Land & Water Assoc.	1,037.9	934.1	"
Valley Water Company	<u>2,613.8</u>	<u>2,352.4</u>	"
	12,218.7	10,996.8	

Each customer's base allocation may change if the District's initial base firm demand is changed, but the sum of the base allocations of all customers shall continue to be the same as the base firm demand assigned by Metropolitan to the District.

(c) If the District's base firm demand is changed, a customer's base allocation will change in proportion to the amount the customer contributed to the change in comparison to the total increase in the District's base firm demand. However, a customer's initial base allocation will not decrease because of increases to other agency allocations.

(d) Customers shall pay the following rates per acre foot for firm deliveries from the listed reservoir or main transmission line leading thereto:

<u>Effective January 1, 2011</u>	
Tier 1	\$ 744
Tier 2	\$ 869
<u>Effective January 1, 2012</u>	
Tier 1	\$ 794
Tier 2	\$ 920

(e) In the month that any agency exceeds 90% of its base firm demand, that agency will be billed Tier 2 rates. The District will be charged Tier 2 rates by Metropolitan when it exceeds its Tier 1 allocation. Any surplus Tier 2 revenue collected by the District through Tier 2 charges when the District does not go into Tier 2 allocation will be used for conservation and reliability projects within the District.

(f) Each customer shall purchase for direct use not less than 60% times ten of its initial base allocation of potable water during the ten-year period commencing January 1, 2003. Each customer shall pay the average of the Tier 1 Supply Rate in effect for the ten-year period beginning January 1, 2003, plus District charges per acre-foot for the difference between the portion of this requirement that is delivered and the amount not delivered if the District has not purchased 60% times ten of its initial base allocation of potable water during the ten-year period commencing January 1, 2003.

3-4.004 REPLENISHMENT CHARGE

(a) The District may obtain Metropolitan water for indirect uses such as groundwater storage/injection.

(b) Customers shall pay the following rates for water delivered for Long Term Storage:

(1) Effective January 1, 2011, customers shall pay \$601 per acre-foot for water delivered for Long Term Storage.

(2) Effective January 1, 2012, customers shall pay \$651 per acre-foot for water delivered for Long Term Storage.

(c) Long Term Storage deliveries shall be available at Metropolitan’s and the District’s discretion, and may be interrupted at any time by Metropolitan or the District. District agencies shall comply with Metropolitan’s adopted terms and conditions for Long Term Storage.

3-4.005 CAPACITY CHARGE

(a) Each customer shall pay a charge based on the capacity of the District’s system and the capacity of the system of Metropolitan needed to serve water to the customer.

(1) After January 1, 2010, each customer shall pay \$7,200 per CFS of flow used for setting the peak rate. The capacity charge for each customer shall be paid monthly commencing January 1, 2010, as follows:

	<u>Flows</u>	<u>Monthly Amount</u>
Crescenta Valley Water District	6.7	\$ 4,020
La Cañada Irrigation District	5.9	3,540
Las Flores Water Company	1.4	840
Lincoln Avenue Water Company	3.0	1,800
Mesa Crest Water Company	1.7	1,020
Rubio Cañon Land & Water Assoc.	0.0	0
Valley Water Company	6.7	4,020

(2) After January 1, 2012, each customer shall pay \$7,852.46 per CFS of flow used for setting the peak rate. The capacity charge for each customer shall be paid monthly commencing January 1, 2010, as follows:

	<u>Flows</u>	<u>Monthly Amount</u>
Crescenta Valley Water District	6.1	\$ 3,992
La Cañada Irrigation District	6.5	4,253
Las Flores Water Company	0.9	589
Lincoln Avenue Water Company	4.3	2,814
Mesa Crest Water Company	1.7	1,112
Rubio Cañon Land & Water Assoc.	0.0	0
Valley Water Company	3.4	2,225

(b) If the capacity charge is revised by Metropolitan the revised capacity charge will be reallocated to each customer based on the capacity of the District’s system and the capacity of Metropolitan’s system needed to serve water to the customer on the effective date of the revision. The District will allocate the revised capacity charge to customers in proportion to their share in the revised peak twenty-four hour demand.

(c) Demands measured for the purposes of billing the capacity charge include all firm demand deliveries. Replenishment service is not included in the measurement of peak day demand for purposes of billing the capacity charge.

(d) The capacity charge shall be paid regardless of the quantity of water delivered. The capacity charge shall be in addition to and shown separate from other charges invoiced by the District.

3-4.006 READINESS-TO-SERVE (RTS) CHARGES

(a) Metropolitan has adopted Readiness-to-Serve (RTS) charges applicable to the District, based upon historic average annual water deliveries as calculated and defined by Metropolitan. A portion of the District RTS charge obligation will be met through a parcel charge imposed by Metropolitan within the District service area. However, the parcel charge is inadequate to cover the District's entire RTS charge. The District will collect the remainder of the RTS charge from customers, using the same methodology as Metropolitan.

(b)

(1) Commencing January 1, 2011, each customer shall pay the following monthly RTS charge to the District:

Crescenta Valley Water District	\$ 9,040
La Cañada Irrigation District	\$ 11,011
Las Flores Water Company	\$ 2,744
Lincoln Avenue Water Company	\$ 4,967
Mesa Crest Water Company	\$ 2,805
Rubio Cañon Land & Water Assoc.	\$ 3,484
Valley Water Company	\$ 10,319

(2) Commencing January 1, 2012, each customer shall pay the following monthly RTS charge to the District:

Crescenta Valley Water District	\$ 10,305
La Cañada Irrigation District	\$ 12,433
Las Flores Water Company	\$ 3,077
Lincoln Avenue Water Company	\$ 6,057
Mesa Crest Water Company	\$ 3,214
Rubio Cañon Land & Water Assoc.	\$ 3,876
Valley Water Company	\$ 11,778

(c) The monthly RTS charge shall be paid regardless of the quantity of water delivered during the month. The monthly RTS amount due shall be in addition to and shown separate from other charges invoiced by the District.

3-4.007 CAPITAL AND REHABILITATION CHARGE

(a) Each customer shall pay for a share of the District's capital and rehabilitation costs necessary to serve each customer.

(b) Commencing January 1, 2011, the monthly capital and rehabilitation fee for each customer is as follows:

Crescenta Valley Water District	\$ 18,111.47
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Kinneloa Irrigation District	\$ (51.40)
La Cañada Irrigation District	\$ 18,320.97
Las Flores Water Company	\$ 1,884.99
Lincoln Avenue Water Company	\$ 3,047.19
Mesa Crest Water Company	\$ 3,603.97
Rubio Cañon Land & Water Assoc.	\$ 4,153.55
Valley Water Company	\$ 18,812.71

(c) Commencing January 1, 2012, the monthly capital and rehabilitation fee for each customer is as follows:

Crescenta Valley Water District	\$ 17,055.42
Kinneloa Irrigation District	\$ (336.50)
La Cañada Irrigation District	\$ 17,039.42
Las Flores Water Company	\$ 1,661.42
Lincoln Avenue Water Company	\$ 2,166.67
Mesa Crest Water Company	\$ 3,122.92
Rubio Cañon Land & Water Assoc.	\$ 4,414.75
Valley Water Company	\$ 18,406.00

3-4.008 ADMINISTRATIVE AND OPERATING CHARGES

(a) Each customer shall pay for a share of the District's administrative and operating costs attributable to the provision of water service to that customer. The customer's share is based on the ten-year rolling averages of sales, including wheeled water during each fiscal year commencing July 1, 1998.

(b) The District shall bill each customer for administrative and operating costs based on the approved budget for the fiscal year commencing July 1, 2009. For each subsequent fiscal year, the billing shall commence on January 1st for the fiscal year commencing on the preceding July 1st.

(c) Commencing January 1, 2011, the monthly administrative and operating charge for each customer is as follows:

Crescenta Valley Water District	\$30,914
Kinneloa Irrigation District	\$ -0-
La Cañada Irrigation District	\$37,721
Las Flores Water Company	\$ 9,417
Lincoln Avenue Water Company	\$19,903
Mesa Crest Water Company	\$ 9,489
Rubio Cañon Land & Water Assoc.	\$16,678
Valley Water Company	\$44,949

(d) Commencing January 1, 2012, the monthly administrative and operating charge for each customer is as follows:

Crescenta Valley Water District	\$31,969.83
Kinneloa Irrigation District	\$ 614.08
La Cañada Irrigation District	\$39,002.75
Las Flores Water Company	\$ 9,640.58
Lincoln Avenue Water Company	\$21,806.50
Mesa Crest Water Company	\$ 9,969.75
Rubio Cañon Land & Water Assoc.	\$16,416.50

3-4.009 POWER COSTS

Commencing January 1, 2010, each customer will be charged power costs based on the proportionate amount of energy used for delivering water to that customer compared to other customers times the amount of the energy bill for that month or portion of month. Bills will be tendered in arrears. If an agency causes an increase in the peaking charge by a power provider, that agency will be assessed increased charges.

3-4.010 OTHER CHARGES

(a) A retail agency shall reimburse the District for the District's stranded costs as determined by the Board of Directors if the retail agency imports water from a source other than the District.

(b) Water, in excess of regular deliveries, transported or "wheeled" through the District distribution system for the benefit of a District distributing agency or agencies shall be assessed an administration charge of \$5.00 per acre-foot, plus an amount to reflect any costs to the District arising from the transporting or wheeling of water. Such water shall meet California Department of Public Health standards and approval before being introduced into Foothill's distribution system.

4. Other.

Except as provided herein, Resolution No. 643-0100 is reaffirmed and readopted.

PASSED, APPROVED AND ADOPTED on _____, 2011.

President

ATTEST:

Secretary

(Seal)