

RESOLUTION NO. 16-7

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASTROVILLE COMMUNITY SERVICES DISTRICT DECLARING THE RESULTS OF THE PROPOSITION 218 PROTEST COUNT FOR THE PROPOSED INCREASES IN DISTRICT RATES, FEES, AND CHARGES FOR CASTROVILLE ZONE 2 SERVICE AREA (MORO COJO, NMCHS AND MONTE DEL LAGO MOBILE HOME PARK), FINDING NO MAJORITY PROTEST AND APPROVING THE SECOND READING FOR THE ADOPTION OF ORDINANCE NO. 67 TO ENACT THE REVISED RATE SCHEDULE

RESOLVED by the Board of Directors (“Board”) of the Castroville Community Services District (“District”), at a regular meeting called and held on July 19, 2016, at the business office of the District, 111499 Geil Street, Castroville, California as follows:

WHEREAS, the Board makes the following findings of fact:

A. In order to avoid operational deficits, depletion of reserves, an inability to address infrastructure and sewer quality and quantity improvements the Castroville Community Services District engaged Harris & Associates (the “Rate Consultant”) to prepare a rate study recommending a revision to the District’s Sewer Rates that would fairly and equitably spread the costs of sewer system operations to sewer customers within existing service areas Zone 2 (Moro Cojo, NMCHS and Monte Del Lago Mobile Home Park) and would meet the requirements of California law.

B. The Rate Consultant prepared a rate study entitled “Rate Analysis Report-Sewer Zone 2 for the Castroville Community Services District” dated March 30, 2016 (REVISED May 6, 2016) (the “Rate Analysis Report”) which is on file in the Office of the Clerk of the Board, available for public inspection, and incorporated herein by reference.

C. The Study proposes certain revisions to the District’s existing sewer rate structure based upon anticipated expenditure and revenue needs, to adopt revised sewer rates and charges over a five year period beginning July 1, 2016 and each July 1 thereafter through June 30, 2021 (collectively, the “Rate Schedule”).

D. The District’s General Manager recommended that the Board enact an ordinance to adopt changes to the District’s sewer service rates and charges as recommended by the Rate Analysis Report.

E. On May 17, 2016, the Board formally accepted the Rate Analysis Report, called a public hearing for July 19, 2016 regarding adoption of Rate Schedule (the “Hearing”) and directed that notice be given of such hearing, and directed that the Rate Schedule be incorporated into an ordinance to be enacted by the Board.

F. The Board caused notice of the Hearing for Proposed Sewer Rate Adjustments from the Rate Schedule to be mailed to each sewer customer and the record owner of each parcel subject to the Sewer Service Charge on June 1, 2016, more than 45 days prior to July 19, 2016. Such notice was given pursuant to and included all information required by Section 6 of Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act (Section 53750 *et seq.* of the California Government Code and specifically, Section 53755), and other applicable law.

G. District Counsel advises that adoption of the Rate Schedule is exempt from review under the California Environmental Quality Act (CEQA) because CEQA does not apply to the

establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purpose of: meeting operating expenses, including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; and obtaining funds for capital projects, necessary to maintain service within existing service areas, pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273.

H. The General Manager and District staff, working with the Rate Consultant and District Counsel, prepared an ordinance, Ordinance No. 67, incorporating the Rate Schedule for adoption and enactment by the Board.

I. On June 21, 2016, at 4:30 p.m., in the Board Chambers located at 11499 Geil Street, the Board of Directors held the first reading of Ordinance No. 67. On July 19, 2016, at 4:30 p.m., in the Board Chambers located at 11499 Geil Street, the Board of Directors held the Hearing as a full and fair public hearing at which the Board heard all oral and written testimony with respect to the Rate Schedule and considered all protests against the Rate Schedule.

J. The District accepted protests from tenants of the parcels who directly pay the sewer services bill in Zone 2 (Moro Cojo, NMCCHS and Monte Del Lago Mobile Park), but not where the record owner of the parcel had already submitted a valid protest.

K. At the conclusion of the Hearing, the District's Clerk, acting as an impartial person designated by the Board of Directors, tabulated the protests received by the District and reported to the Board that the District received a total of 0 timely and valid protest(s) from 0 record owners of parcels that will be subject to rates and charges enacted pursuant to the Rate Schedule and that there were not protests by a majority of owners of identified parcels upon which the rates and charges are proposed for imposition.

L. Written protests against the Rate Schedule have not been presented by the owners of a majority of the parcels subject to the Rate Schedule.

M. The Board desires to enact the Rate Schedule as shown below, consistent with the recommendations of the Rate Analysis Report and the General Manager and the lack of a majority protest:

Sewer Accounts	Units	Equiv. Connections	Current Revenue	FY 2015/16 Rate per Equiv. Connection	Proposed FY 2016/17 Rate per Equiv. Connection	Total Estimated Revenue
Mojo Cojo	175 residence 90 MFR	265.0	\$ 51,274.50	\$ 193.49	\$ 212.84	\$ 56,402.60
North County Park & Rec	1 connect	1.0	193.49	\$ 193.49	\$ 212.84	\$ 212.84
NMC High School	1,100 students	53.6	\$ 4,400.00	\$ 82.13	\$ 212.84	\$ 11,402.14
Monte De Lago Mobile Park	311 sites	<u>311.0</u>	<u>\$ 30,160.00</u>	\$ 96.98	\$ 212.84	<u>\$ 66,193.24</u>
		630.6	\$ 86,027.99			\$ 134,210.82

USER FEES-ZONE 2	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
1. Single-family residence, per dwelling unit	\$212.84	\$221.35	\$230.20	\$239.41	\$248.99
2. Multiple-family residence, per dwelling unit	\$212.84	\$221.35	\$230.20	\$239.41	\$248.99
3. Mobile home residence:					
a. Single-width trailers, per trailer (connected)	\$212.84	\$221.35	\$230.20	\$239.41	\$248.99
b. Double-width trailers, per trailer (connected)	\$212.84	\$221.35	\$230.20	\$239.41	\$248.99
c. Mobile home park office & meeting room	\$212.84	\$221.35	\$230.20	\$239.41	\$248.99
4. Industrial discharge per million gallons	N/A	N/A	N/A	N/A	N/A
5. North Monterey High School, per student enrolled annually	\$10.36	\$10.77	\$11.20	\$11.65	\$12.12

It is recommended that the District adopt rates for a 5 year period, which would include an annual escalator for each subsequent year, not to exceed 4 percent annually. The District would need to send a notice to each customer annually of the annual adjustment in rates, but would not need to conduct a protest hearing.

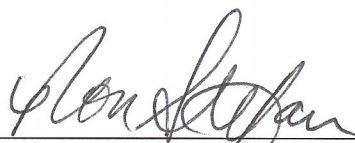
NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Castroville Community Services District, as follows:

1. Declaration of Protest Hearing Results. The total numbers of valid protests timely received by the District do not constitute a majority of owners of the identified parcels upon which the rates and charges are proposed for imposition.

2. Second Reading for Adoption. The Board may lawfully hear a second reading of Ordinance No. 67 and may consider enacting Ordinance No. 67 and the Rate Schedule.

The foregoing resolution was duly and properly introduced at a regular meeting of the Castroville Community Services District Board of Directors held on July 19, 2016 and passed and adopted by the following vote:

AYES: Macmillan, Melgoza, & Stefani
 NOES: \emptyset
 ABSENT: Montejano
 ABSTAIN: \emptyset


 Chairman, Board of Directors

Attest:

 Clerk of the Board
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