

**ORDINANCE NO. 2002-01**

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE VOLCANO  
COMMUNITY SERVICES DISTRICT CONCERNING WATER RATES**

BE IT ORDAINED by the Board of Directors of the Volcano Community Services District  
("District") as follows:

SECTION ONE:     AMENDMENT TO WATER RATES.

The charges for water service furnished to customers within the District shall be in the amount(s) set forth in the attached "Water Rate Structure" schedule, which is incorporated herein by this reference.

SECTION TWO:     INCONSISTENT PROVISIONS.

To the extent that the terms and provisions of this Ordinance may be inconsistent or in conflict with the terms and conditions of any prior District ordinance, resolution, rule or regulation governing the same subject, the terms of this Ordinance shall prevail with respect to the subject matter thereof, and such inconsistent and conflicting provisions of prior ordinances, resolutions, rules or regulations are hereby repealed.

SECTION THREE:   SEVERABILITY.

If any provision of this Ordinance or application thereof to any person or circumstance is held invalid, no other provision of this Ordinance shall be affected thereby.

SECTION FOUR:    EFFECTIVE DATE.

The water service charges set forth in Section One shall be effective as of January 1, 2003 and continue in effect until further action by the District Board of Directors.

SECTION FIVE:      POSTING.

The District Secretary is directed to post a copy of this Ordinance in three (3) public places in the District within ten (10) days after its adoption.

PASSED AND ADOPTED by the Board of Directors of the Volcano Community Services District on this 2nd day of December 2002, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

VOLCANO COMMUNITY SERVICES DISTRICT

By: *My Gottstein*  
President, Board of Directors

ATTEST:

By: *Sharon A Owens*  
Secretary, Board of Directors

VOLCANO COMMUNITY SERVICES DISTRICT  
P. O. Box 72  
Volcano, California 95689

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October 11, 2002

To: All Volcano Water Users

From: Board of Directors, VCSD

The Board of Directors of the VCSD has determined that a water rate increase is necessary and inevitable. We would like to share with you some facts as determined by the Water Rate Committee, reported in our Feasibility Study on Long-Term Supply Options (August, 2002 Update) and annual financial statements, in addition to information provided by our Secretary/Treasurer and District Engineer.

- Our water infrastructure is roughly estimated to be valued at \$405,000. This does not include the improvements that will be needed to construct permanent housing for the Cleveland Tunnel waterworks or repay the Amador County Board of Supervisors for the advancement of funds to purchase the filtration system.
- Average component replacement for our system is estimated at every 50 years. The cost of replacing 1/50<sup>th</sup> of our system each year would cost \$8,000 annually-- this is the amount we should be "clearing" over and above system expenses just to maintain our existing infrastructure in terms of needed replacements or contingencies.
- Permanent improvements to the Cleveland Tunnel waterworks, including repayment of advances, are estimated to cost approximately \$80,000. Assuming very favorable loan terms, debt service costs on this project are estimated at \$5,000 per year.
- Our net additions/<subtractions> to reserves fund from water sales for the past three fiscal years are as follows:  
  
2000: <\$1,500> 2001: <0> 2002: \$3,050
- Our current rate structure does not reflect the 75% fixed to 25% variable cost structure reflected in our annual expenditures and 2002/2003 budget. Instead, we currently recover only 66% of our costs through the fixed monthly charge.
- Our current water-related rates are substantially lower than the water rates in other upcountry communities, as illustrated by the comparison between VCSD rates and Amador Water Agency's Improvement District #1 (Pioneer):

	VCSD (water-related)	Pioneer (7/1/02)	Pioneer (7/1/03)
Fixed monthly charge:	\$16.50*	\$30.50	\$33.95
less than 10,000 gal (per 1,000)	\$ 1.25	\$1.57	\$ 1.62
10,000-15,000 gal (per 1,000)	\$2.25	\$1.57	\$ 1.62
Over 15,000 gallons (per 1,000)	\$2.50	\$1.99	\$ 2.05
Annual Assessments per parcel:	0	\$100	? not available

\*our fixed monthly charge also includes \$7.70 (for a total monthly charge of \$24.20) to cover non-water related VCSD services, such as park and hall maintenance, street lighting, garbage and public restrooms. (The costs of street lighting comprise the bulk of this \$7.70 charge, because the other services have offsetting revenues.) In comparing water rates with other communities, we have removed the \$7.50 portion of the fixed rate to allow for an "apples to apples" comparison.

In view of the above facts, the Board of Directors will consider passing an ordinance at the December 2, 2002 meeting to enact a rate increase that will become effective on January 1, 2003. The Board would like to enact this rate increase to accomplish the following:

- Increase operating income by approximately \$3,000 per year to better position ourselves for adequate contributions to reserves in the future. The Board of Directors recognize that the VCSD needs more than an additional \$3,000 per year to meet our financial goals, but this is a first and necessary step in the right direction.
- Better align our rate structure to our cost structure so that we can (1) move towards recovering our system's fixed costs through the monthly charge and (2) send more appropriate price signals for water usage now that we are off a water rationing program.
- Retain flexibility to assess the results of this rate change in 12-18 months, rather than institute a series of multi-year step increases at this time.

Attached you will find copies of the current VCSD rate schedule and the proposed rate schedule effective January 1, 2003. To see how this rate change will impact your monthly bill, find the water usage level in the table closest to your own monthly usage, and compare the estimated cost under the current and proposed rate schedules. Please call one of your Directors if you have any questions.

Thank you!

Meg Gottstein, Chair 296-3333

John David, Director 296-7711

Nancy Bailey, Director 296-4899

*Meg Gottstein*

*John David*

*Nancy M Bailey*



Volcano Community Services District  
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 volcanowater@mail.com

Meter # «Meter»  
 «First\_Name» «Last\_Name»  
 «Address»  
 «City», «State» «Postal\_Code»

Monthly Average Usage «Month\_Average\_»\*\*  
 Annual Usage «Annual\_Usage\_»

**You have a double meter**  
**You have are charged for two base rates and your tiers for doubled.**

Current Rate: \$«C\_» Average Usage  
 Proposed Rate: \$«M\_1» Estimated at your average usage

\*\*Based on your average usage from June 2001 thru July 2002

**Proposed Rate Increase**

Single Dwelling			Double Dwelling		
Scenario	Current	Proposed	Scenario	Current	Propose
Charges for water used			Charges for water used		
Base Rate	\$ 24.20 **	\$ 28.00	Base Rate	\$ 48.40	\$ 56.00
Less than 10,000	\$ 1.25	\$ 1.25	Less than 20,000	\$ 1.25	\$ 1.25
10,000 - 15,000	\$ 2.25	\$ 2.25	20,000 - 30,000	\$ 2.25	\$ 2.25
Over 15,000 Gallons	\$ 2.50	\$ 2.50	Over 30,000 Gallons	\$ 2.50	\$ 2.50
Annual Income	\$ 29,965	\$ 33,043			

\*\*\$16.50 water related

**Estimated cost per each rate scenario listed above**

Single

Usage	4,300	13,600	21,400	32,300	Gallons
Current	\$ 29.58	\$44.80	\$ 63.95	\$ 91.20	
Proposed	\$ 34.45	\$48.40	\$ 63.24	\$ 84.93	

Double

Usage	4,300	13,600	21,400	32,300	Gallons
Current	\$ 53.78	\$65.40	\$ 76.55	\$ 101.08	
Proposed	\$ 61.38	\$73.00	\$ 84.15	\$ 108.68	