



**RESOURCE
MANAGEMENT AGENCY
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

ALLEN ISHIDA
District One
PETE VANDER POEL
District Two
PHILLIP A. COX
District Three
J. STEVEN WORTHLEY
District Four
MIKE ENNIS
District Five

AGENDA DATE: July 9, 2013

Public Hearing Required	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Published Notice Required	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Advertised Published Notice	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>

CONTACT PERSON: Celeste Perez PHONE: (559) 624-7010

SUBJECT: Public Hearing for Consideration of Sewer and Water User Fee Adjustments for Specified County Service Area Zones of Benefit.

REQUEST(S):
That the Board of Supervisors:

1. Conduct a Public Hearing for consideration of sewer and water user fee adjustments for specified County Service Area Zones of Benefit (El Rancho, Delft Colony, Tonyville, Tooleville, Traver, Yetttem and Wells Tract sewer systems and Wells Tract water distribution system); and
2. Close the Public Hearing and approve the proposed fees identified in Exhibit A, effective August 1, 2013.

SUMMARY:
In the late 1980's and early 1990's, the County constructed eight (8) sewer systems and three (3) water systems utilizing various state and federal grant and loan programs. The County administers the maintenance of these facilities through contracted services. In an attempt to cover the annual operation and maintenance costs, the County produces invoices and collects fees for service. The proposed rate increases are for all sewer and water systems mentioned above.

During the fiscal year 2012/2013 several systems had an increase in expenditures due to unscheduled repairs, while other systems are simply not generating sufficient revenue to cover day-to-day operational costs. As an example, Delft Colony sewer system had to replace a deteriorating aerator motor before it failed. Tooleville's repairs included a grinder controller malfunction, an alarm seal failure on pump number two and the repair of the impeller on an aerator motor. Traver required a

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DATE: July 9, 2013

new pump at a cost of approximately \$13,000. As these systems age, equipment failure is becoming common place and major repairs much more frequent. Managing these systems and coordinating the additional repairs, etc., has also resulted in additional administration expenses.

Table 1 outlines the estimated expenses and revenues for each of the systems in County Service Areas 1 and 2 and identifies their projected net operating costs for fiscal year 2012/2013. A shortfall of \$133,145 in net costs is anticipated for all of the systems. Historically, this shortfall is recovered by borrowing funds from the County's Revolving Fund which totals approximately \$820,000 to date.

Table 2 outlines estimated expenses and revenues for each of the systems and identifies their projected net operating cost for fiscal year 2013/2014, with the current rate structure. If the current rate structure were to stay in place, the estimated shortfall for fiscal year 2013/2014 would be \$116,052.

Table 3 outlines estimated expenses and revenue for each of the systems and identifies their projected net operating cost for fiscal year 2013/2014 with the proposed rate increase. With the proposed fee increase (with increase limited to a maximum of 10% per Board policy) the estimated shortfall for fiscal year 2013/2014 is \$86,308.

Table 4 outlines the necessary fee increase to allow each system to recover all costs (except depreciation and Revolving Fund principal repayment).

The proposed fee adjustments are in accordance with Resolution No. 94-0356 in which the Board established a maximum increase for residential and commercial fees at 10% per year. With the recommended rate increase, the Revolving Fund impact will be approximately \$86,308.

Grant guidelines require all proposed sewer and water fees to be submitted to the granting agencies for review and approval. A copy of the agenda item, setting the public hearing to consider sewer and water user fee adjustments, was mailed to the State Water Resources Control Board (SWRCB) and the United States Department of Agriculture (USDA) Rural Development. No response to these proposed fees have been received to date.

Proposition 218 requires that operation and maintenance systems give a 45 day notice period to all residents, prior to the fee hearing, advising them of their right to protest. A vote by the residents of the Zones of Benefit is not required.

On May 21, 2013, the Board approved the Notice of Public Hearing, setting the Public Hearing for 9:30 a.m. on July 9, 2013. On May 23, 2013, Notice of the Public Hearing was mailed to each property owner and was also published in the Visalia Times Delta in accordance with Proposition 218.

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FISCAL IMPACT/FINANCING:


By approving the recommended rate increase, the Revolving Fund impact will be approximately \$86,308 for the 2013/2014 fiscal year. If the recommended rate increases are not approved, the Revolving Fund impact will be approximately \$116,052.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

The proposed rate increases assist the County in its efforts to provide for the safety and security of the general public by providing an adequate and safe water supply.

ADMINISTRATIVE SIGN-OFF:

Britt L.
Fussel

 Digitally signed by Britt L. Fussel
DN: cn=Britt L. Fussel, o, ou=RMA,
email=bfussel@co.tulare.ca.us,
c=US
Date: 2013.06.26 08:59:48 -07'00' 6/26/13

Britt L. Fussel, P.E. Date
Assistant Director—Public Works
County Surveyor

BLF:CM

cc: Auditor-Controller
County Counsel
County Administrative Office (2)

Attachment(s) Attachment A - Table 1
Attachment B - Table 2
Attachment C - Table 3
Attachment D - Table 4

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF PUBLIC HEARING)
FOR CONSIDERATION OF SEWER AND)
WATER USER FEE ADJUSTMENTS FOR) Resolution No. _____
SPECIFIED COUNTY SERVICE AREA)
ZONES OF BENEFIT)

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE BOARD
OF SUPERVISORS, AT AN OFFICIAL MEETING HELD JULY 9, 2013, BY THE
FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: JEAN M. ROUSSEAU
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

1. Conducted a Public Hearing for consideration of sewer and water user fee adjustments for specified County Service Area Zones of Benefit (El Rancho, Delft Colony, Tonyville, Tooleville, Traver, Yettem and Wells Tract sewer systems and Wells Tract water distribution system); and
2. Closed the Public Hearing and approved the proposed fees identified in Exhibit A, effective August 1, 2013.

EXHIBIT A

**2013/2014 Fees
For Sewer And Water Systems in Tulare County CSA Zones 1 & 2**

Basis of Fees: The fees are determined by calculating the total expense of operation and maintenance of each system. The expense is divided by the number of dwellings in each service area, which determines the actual recovery cost per dwelling. The present fees are compared to the recovery costs and adjusted within the guidelines to establish the proposed fees. The proposed fees contribute proportionally to the total expense of each system.

TABLE A

Fee Description	Current Fees	Proposed Fees	Fee Description	Current Fees	Proposed Fees
SEWER			WATER		
Z01 El Rancho					
Monthly Residential Service	\$ 67.00	\$ 74.00			
Z10 Delft Colony			Z11 Delft Colony (<i>No Change</i>)		
Monthly Residential Service	\$ 49.00	\$ 51.00	Monthly Residential Service	\$ 45.75	\$ 45.75
Z50 Seville (<i>No Change</i>)					
Monthly Residential Service	\$ 59.75	\$ 59.75			
School	\$ 203.00	\$ 203.00			
Z60 Tonyville					
Monthly Residential Service	\$ 54.50	\$ 60.00			
Z70 Tooleville					
Monthly Residential Service	\$ 59.25	\$ 65.25			
Z80 Traver					
Monthly Residential Service	\$ 35.75	\$ 36.50			
School	\$ 357.25	\$ 364.50			
Child Care	\$ 57.25	\$ 58.50			
Z90 Yettem			Z91 Yettem (<i>No Change</i>)		
Monthly Residential Service	\$ 92.50	\$ 97.25	Monthly Residential Service	\$ 56.00	\$ 56.00
Schools			Schools		
Yettem Continuation	\$ 127.25	\$ 133.50	Yettem Continuation	\$ 63.50	\$ 63.50
Learning Center	\$ 117.00	\$ 122.75	Learning Center	\$ 63.50	\$ 63.50
Z96 Wells Tract			Z95 Wells Tract		
Monthly Residential Service	\$ 62.25	\$ 68.50	Monthly Residential Service	\$ 29.50	\$ 32.50

Attachment A
TABLE 1

ESTIMATED NET COSTS

FOR 2012/2013 FISCAL YEAR
COUNTY SERVICE AREAS # 1 AND # 2

SEWER SYSTEMS	Expenses	Revenue	Less		Net Cost ¹	Current Fees
			Depreciation	Expenses		
1 El Rancho ZOB	\$ 50,912	\$ 20,904	\$ 6,768	\$	\$ 23,240	\$ 67.00
2 Delft Colony ZOB	\$ 96,607	\$ 64,710	\$ 22,132	\$	\$ 9,765	\$ 49.00
3 Seville ZOB	\$ 98,213	\$ 77,502	\$ 22,868	\$	\$ (2,157)	\$ 59.75
4 Tonyville ZOB	\$ 76,266	\$ 48,120	\$ 18,949	\$	\$ 9,197	\$ 54.50
5 Tooleville ZOB	\$ 86,619	\$ 50,696	\$ 16,041	\$	\$ 19,882	\$ 59.25
6 Traver ZOB	\$ 123,316	\$ 84,598	\$ 39,250	\$	\$ (532)	\$ 35.75
7 Yetterem ZOB	\$ 106,398	\$ 74,179	\$ 14,635	\$	\$ 17,584	\$ 92.50
8 Wells Tract ZOB	\$ 90,351	\$ 44,279	\$ 8,392	\$	\$ 37,680	\$ 62.25
WATER SYSTEMS						
1 Delft Colony ZOB	\$ 65,687	\$ 57,580	\$ 13,775	\$	\$ (5,668)	\$ 45.75
2 Yetterem ZOB	\$ 65,082	\$ 44,205	\$ 15,128	\$	\$ 5,749	\$ 56.00
3 Wells Tract ZOB	\$ 42,250	\$ 24,847	\$ 7,355	\$	\$ 10,048	\$ 29.50
TOTAL	\$ 901,701	\$ 591,620	\$ 185,293	\$	\$ 124,788	
Estimated Revolving Fund Loan						\$ 133,145

1) Negative values in "net cost" offset a portion of the depreciation expense.

Attachment B
TABLE 2

ESTIMATED NET COSTS WITH CURRENT RATES
FOR 2013/2014 FISCAL YEAR
COUNTY SERVICE AREAS # 1 AND # 2

SEWER SYSTEMS	Estimated Expenses	Estimated Revenue	Less Depreciation Expenses	Net Cost ¹	Current Fees
1 El Rancho ZOB	\$ 38,354	\$ 20,904	\$ 6,768	\$ 10,682	\$ 67.00
2 Delft Colony ZOB	\$ 97,291	\$ 64,710	\$ 22,132	\$ 10,449	\$ 49.00
3 Seville ZOB	\$ 96,719	\$ 77,502	\$ 22,868	\$ (3,651)	\$ 59.75
4 Tonyville ZOB	\$ 73,707	\$ 48,120	\$ 18,949	\$ 6,638	\$ 54.50
5 Tooleville ZOB	\$ 100,417	\$ 50,696	\$ 16,041	\$ 33,680	\$ 59.25
6 Traver ZOB	\$ 124,960	\$ 84,598	\$ 39,250	\$ 1,112	\$ 35.75
7 Yettem ZOB	\$ 91,996	\$ 74,179	\$ 14,635	\$ 3,182	\$ 92.50
8 Wells Tract ZOB	\$ 92,820	\$ 44,279	\$ 8,392	\$ 40,149	\$ 62.25
WATER SYSTEMS					
1 Delft Colony ZOB	\$ 64,447	\$ 57,580	\$ 13,775	\$ (6,908)	\$ 45.75
2 Yettem ZOB	\$ 53,041	\$ 44,205	\$ 15,128	\$ (6,292)	\$ 56.00
3 Wells Tract ZOB	\$ 42,362	\$ 24,847	\$ 7,355	\$ 10,160	\$ 29.50
TOTAL	\$ 876,114	\$ 591,620	\$ 185,293	\$ 99,201	
Estimated Revolving Fund Loan			\$	\$ 116,052	

1) Negative values in "net cost" offset a portion of the depreciation expense.

2) Includes Residential, Commercial, School, Church, Vacancy and Standby Rates

Attachment C
TABLE 3

ESTIMATED NET COSTS WITH PROPOSED RATE INCREASE
FOR 2013/2014 FISCAL YEAR
COUNTY SERVICE AREAS # 1 AND # 2

SEWER SYSTEMS	Estimated Expenses	Estimated Revenue	Less Depreciation Expenses	Net Cost ¹	Current Fees	Proposed Fees	Increase
1 El Rancho ZOB	\$ 38,354	\$ 23,088	\$ 6,768	\$ 8,498	\$ 67.00	\$ 74.00	10%
2 Delft Colony ZOB	\$ 97,291	\$ 71,181	\$ 22,132	\$ 3,978	\$ 49.00	\$ 51.00	10%
3 Seville ZOB	\$ 96,719	\$ 77,502	\$ 22,868	\$ (3,651)	\$ 59.75	\$ 59.75	0%
4 Tonyville ZOB	\$ 73,707	\$ 52,932	\$ 18,949	\$ 1,826	\$ 54.50	\$ 60.00	10%
5 Tooleville ZOB	\$ 100,417	\$ 55,766	\$ 16,041	\$ 28,610	\$ 59.25	\$ 65.25	10%
6 Traver ZOB	\$ 124,960	\$ 86,290	\$ 39,250	\$ (580)	\$ 35.75	\$ 36.50	2%
7 Yettem ZOB	\$ 91,996	\$ 77,888	\$ 14,635	\$ (527)	\$ 92.50	\$ 97.25	5%
8 Wells Tract ZOB	\$ 92,820	\$ 48,707	\$ 8,392	\$ 35,721	\$ 62.25	\$ 68.50	10%
Water System							
1 Delft Colony ZOB	\$ 64,447	\$ 57,580	\$ 13,775	\$ (6,908)	\$ 45.75	\$ 45.75	0%
2 Yettem ZOB	\$ 53,041	\$ 44,205	\$ 15,128	\$ (6,292)	\$ 56.00	\$ 56.00	0%
3 Wells Tract ZOB	\$ 42,362	\$ 27,332	\$ 7,355	\$ 7,675	\$ 29.50	\$ 32.50	10%
TOTAL	\$ 876,114	\$ 622,471	\$ 185,293	\$ 68,350			
Estimated Revolving Fund Loan			\$	\$ 86,308			

1) Negative values in "net cost" offset a portion of the depreciation expense.

Attachment D
TABLE 4

ESTIMATED REQUIRED RATE INCREASE TO ESTABLISH
ZERO NET COSTS
FOR 2013/2014 FISCAL YEAR
COUNTY SERVICE AREAS # 1 AND # 2

SEWER SYSTEMS	Estimated Expenses	Estimated Revenue	Less Depreciation Expenses	Net Cost ¹	Current Fees	Proposed Fees	Increase
1 El Rancho ZOB	\$ 38,354	\$ 31,774	\$ 6,768	\$ (188)	\$ 67.00	\$ 101.25	52%
2 Delft Colony ZOB	\$ 97,291	\$ 75,711	\$ 22,132	\$ (552)	\$ 49.00	\$ 57.00	17%
3 Seville ZOB	\$ 96,719	\$ 77,502	\$ 22,868	\$ (3,651)	\$ 59.75	\$ 59.75	0%
4 Tonyville ZOB	\$ 73,707	\$ 54,857	\$ 18,949	\$ (99)	\$ 54.50	\$ 62.00	14%
5 Tooleville ZOB	\$ 100,417	\$ 84,662	\$ 16,041	\$ (286)	\$ 59.25	\$ 99.00	67%
6 Traver ZOB	\$ 124,960	\$ 86,290	\$ 39,250	\$ (580)	\$ 35.75	\$ 36.00	2%
7 Yettem ZOB	\$ 91,996	\$ 77,888	\$ 14,635	\$ (527)	\$ 92.50	\$ 97.00	5%
8 Wells Tract ZOB	\$ 92,820	\$ 84,573	\$ 8,392	\$ (145)	\$ 62.25	\$ 126.00	91%
Water System							
1 Delft Colony ZOB	\$ 64,447	\$ 57,580	\$ 13,775	\$ (6,908)	\$ 45.75	\$ 45.75	0%
2 Yettem ZOB	\$ 53,041	\$ 44,205	\$ 15,128	\$ (6,292)	\$ 56.00	\$ 56.00	0%
3 Wells Tract ZOB	\$ 42,362	\$ 35,034	\$ 7,355	\$ (27)	\$ 29.50	\$ 40.00	41%
TOTAL	\$ 876,114	\$ 710,076	\$ 185,293	\$ (19,255)			

Estimated Revolving Fund Loan \$ -

1) Negative values in "net cost" offset a portion of the depreciation expense.