

ORDINANCE NO. 23-2

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT REPEALING
RESOLUTION NO. 5-22-642 AND ADOPTING WATER RATES AND CHARGES
FOR CALENDAR YEAR 2024**

WHEREAS, the Metropolitan Water District of Southern California ("MWD" herein) has adopted water rates and charges for its classes and conditions of service effective January 1, 2024 and the Upper San Gabriel Valley Municipal Water District ("Upper District" herein) wishes to reflect MWD's new rates and charges in the water rates and charges of the Upper District; and

WHEREAS, MWD has established charges in their rate structure including a Readiness-to-Serve Charge, Capacity Charge, Tier 1 and 2 Commodity Charges; and

WHEREAS, Upper District requested that MWD continue its standby charge in Upper District's service area with the intention that the above referenced Readiness-to-Serve Charge be paid from the funds generated from said standby charge for Calendar Year 2024; and

WHEREAS, clean water is essential to public health and safety and improve the quality of life of residents within Upper District's service area; and

WHEREAS, the Board of Directors have reviewed and determined the revenue requirements for the Calendar Year 2024 Operating and Capital Budget; and

WHEREAS, the Board of Directors have determined to allocate costs on a fair and equitable basis to all customers it serves, while also ensuring the District is able to recover its cost of providing service while maintaining financial stability; and

WHEREAS, in the adoption of this Ordinance, the Upper District desires to adjust certain water rates and service charges for 2024.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF UPPER DISTRICT
ORDAINS AS FOLLOWS:**

Section 1. The above recitals are all true and correct and are incorporated herein by reference.

Section 2. Resolution No. 5-22-642, adopted on May 25,2022, is hereby repealed.

Section 3. The water rate increases are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the District's water system.

Section 4. The following water rates are established and will remain effective for Calendar Year 2024:

Normal Supply Rates

	Rate per Acre Foot
Class of Service	
Full Service – Treated (Tier 1)	\$1,359
Full Service – Treated (Tier 2)	\$1,558
Groundwater Replenishment Service	Not Available
Full Service – Untreated (Tier 1)	\$1,006
Full Service – Untreated (Tier 2)	\$1,205
Recycled Water Service	By Contract
Capacity Charge	\$11,200 per CFS
Minimum Service Connection Charge (per year)	\$1,120
Groundwater Replenishment Ready-to-Serve	\$42 per CFS/\$6,300 per month

Section 5. Description of Service Classes:

Full Service Treated (Tier 1)

For Calendar Year 2024, the Upper District may purchase up to 67,228 acre feet per year, which will be sold at the Tier 1 rate of \$1,359 per acre foot (subject to alternative pricing imposed under MWD's Water Supply Allocation during droughts).

Full Service Treated (Tier 2)

For Calendar Year 2024, the Upper District will have an unlimited amount (subject to MWD's Water Supply Allocation Plan) of Full Service Tier 2 supply. Once the Tier 1 Limit is utilized, all treated water sold will be subject to the Tier 2 rate of \$1,558 per acre foot effective January 1, 2024.

Annual Capacity Charges

The Full Service Tier 1 rate per acre foot as well as the Full Service Tier 2 rate per acre foot assumes a reasonable and normal annual maximum daily average capacity usage per acre foot of water deliveries. Upper District will pass through MWD's capacity charge on use of the imported water distribution system during the May through September time period, as determined by MWD. For Calendar Year 2024, MWD's capacity charge will be calculated at

\$11,200 for each CFS of peak capacity utilized during the period of May through September period for the three calendar years ending 2022.

Full Service Untreated (Tier 1)

The Upper District's Tier 1 Limit includes both treated and untreated Tier 1 deliveries. Full Service untreated deliveries will be billed at the Tier 1 rate of \$1,006 per acre foot effective January 1, 2024 only if there is sufficient Tier 1 Limit remaining after all Full Service treated deliveries have been accounted for (subject to alternative pricing imposed under MWD's Water Supply Allocation during droughts). In the event that the Upper District Tier 1 Limit is exceeded, all Full Service untreated deliveries will be subject to Tier 2 rate.

Full Service Untreated (Tier 2)

For Calendar Year 2024, the Upper District will have an unlimited allocation (subject to MWD's Water Supply Allocation Plan), of Full Service Tier 2 supply. Once the total allocation of Tier 1 supply is utilized, all untreated water sold will be subject to the Tier 2 rate of \$1,205 per acre foot effective January 1, 2024.

Section 6. Each groundwater replenishment customer shall pay a monthly ready-to-serve charge in addition to the water rate for groundwater replenishment service. This monthly ready-to-serve charge will be \$42 for each cubic foot per second of groundwater replenishment service connection capacity, at an amount not-to-exceed \$6,300 per month, payable in advance.

Section 7. A minimum charge, equivalent to ten percent (10%) or one-tenth (1/10) of the value of one CFS of capacity (\$11,200) and amounting to \$1,120 per year effective January 1, 2024, will be billed to the sub-agencies prorated on a monthly basis irrespective of the amount of water used.

Section 8. All sales, deliveries and availability of water at the rates established herein shall be subject to the ability of the Upper District to sell, deliver and make available such water under operating conditions determined by the General Manager of Upper District and of MWD, and subject to the water service regulations of Upper District and of MWD. All agencies that purchase treated or untreated water must comply with all rules, requirements, and regulations of Upper District's Urban Water Management Plan adopted on or about June 2020 and any amendments or supplements thereto.

Section 9. The Board of Directors finds the rates, fees, and charges set forth herein are for the purpose of meeting operating expenses, including employee wages and benefits; purchasing or leasing of supplies, equipment or materials; meeting financial reserve needs and requirements; obtaining funds for capital projects necessary to maintain service within existing service areas, and obtaining funds to meet long-term debt costs. None of the rates,

fees, and charges described above exceed the reasonable cost of providing the service for which the rate, fee, or charge is levied.

Section 10. The Board of Directors recognizes that Southern California is facing water supply challenges arising from both reoccurring droughts and environmental factors. These factors have created uncertainty regarding the reliability of all sources of water for the foreseeable future. As such, the Board reserves the authority to modify, alter, or suspend any or all sections of this resolution as determined prudent to properly respond to new developments in water supply circumstances.

Section 11. The Secretary of Upper District shall cause a copy of this Ordinance to be mailed to all current purchasers of water from Upper District including the users of water replenishment service connections.

INTRODUCED AND ADOPTED this 12th day of July, 2023.

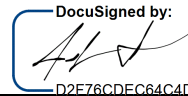
SANTANA: AYE

FELLOW: AYE

GARCIA: AYE

CHAVEZ: AYE

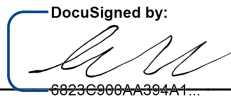
TREVIÑO: AYE

DocuSigned by:


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Jennifer Santana, President

ATTEST:

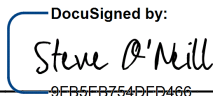
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Ed Chavez, Secretary

(SEAL)

APPROVED AS TO FORM:

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Steven P. O'Neill, District Counsel