

**ORDINANCE NO. 65**

**ORDINANCE OF PICO WATER DISTRICT  
ADOPTING INCREASED RATES AND CHARGES**

**WHEREAS**, the Board of Directors of Pico Water District (the "District") has previously adopted certain rates and charges for water service provided by the District; and

**WHEREAS**, the District hired Water Resources Economics, an independent public finance advisory group, to review its financial situation, including the revenues being generated by water sales, its operating expenses and revenue requirements, as well as its funding needs with respect to various capital improvements and replenishment of the District's reserves to prudent levels in accordance with industry standards.

**WHEREAS**, Water Resources Economics, based on its analysis, prepared the 2023 Water Rate Study Final Report dated December 14, 2023 (the "Rate Study"), which reviews the District's financial sources and needs and demonstrates the need for the District to raise its water rates and charges to meet increased operational costs and to provide funds for capital improvements identified in the Rate Study; and

**WHEREAS**, at its meeting on December 20, 2023, the District's Board of Directors preliminarily approved certain proposed increases and revisions to the District's water rates and charges, as described in Section 1 of this Ordinance, to be effective for the first billing to occur on or about March 1, 2024, and then with subsequent increases to be effective for the first billings after January 1, 2025, January 1, 2026, January 1, 2027, and January 1, 2028, respectively, to provide revenues to meet increased operating costs and contemplated capital improvement costs (the "Proposed Rate Increase"); and

**WHEREAS**, a public hearing was conducted by the District's Board of Directors on February 15, 2024, after mailing out notices to all District customers on December 26, 2023 that set forth the notice of the public hearing to consider the Proposed Rate Increases and complying with all requirements of law, including the required details concerning the Proposed Rate Increase, and holding a public workshop on January 18, 2024, to inform the public regarding the Proposed Rate Increase; and

**WHEREAS**, the District's Board of Directors finds and determines that: (i) the Proposed Rate Increase is necessary for the District to continue to be able to provide safe and potable water to its residents and customers; and (ii) that a majority written protest to the Proposed Rate Increase pursuant to Article XIID, Section 6(a)(1) of the California Constitution has not been presented; and

**WHEREAS**, pursuant to Section 15273 of the CEQA Guidelines, the Board of Directors hereby finds that the proposed and projected rates and charges are for the purpose of meeting operating expenses, including employee wage rates and fringe benefits, purchasing or leasing supplies, equipment, or material, meeting financial reserve needs and requirements, and obtaining

funds for capital projects, necessary to maintain service within existing service areas, and therefore the California Environmental Quality Act does not apply to the approval of the proposed and projected rates and charges,

**NOW, THEREFORE, BE IT ORDAINED** that the Board of Directors of Pico Water District hereby:

Section 1. Adopts new and increased water rates and charges as set forth in Exhibit A hereto, which is fully incorporated herein by this reference, to increase such water rates and charges by twenty-five percent (25%), to be effective on or about March 1, 2024 and to be implemented for the first full billing cycle after that date; and to further increase such water rates by twenty percent (20%), to be effective after January 1, 2025, and twelve percent (12%) charges annually to be effective as of each of January 1, 2026, January 1, 2027, and January 1, 2028, and to be implemented for the first full billing cycles after each of those respective dates; provided that the Board of Directors retains discretion in any of those years to reduce the proposed amount of any of the specified increases.

Section 2. Adopts the new and increased water rates as described in Section 1, above, and as set forth in said Exhibit A with the understanding that the increases detailed in that table include estimates of: (i) increases in the replenishment assessment imposed on the District's groundwater production by the Water Replenishment District of Southern California, and that if those estimates of future costs are subsequently determined by the Board of Directors to not cover the actual costs the District incurs for that expense, then pursuant to Government Code Section 53756 with at least 30 days' notice to its customers, the District may subsequently increase its rates to pass-through any increases in that expense that is not otherwise covered in the previously approved rate schedule.

Section 3. Authorizes and directs District staff to take all action necessary to implement the above-referenced increases in accordance with Section 1, above.

Section 4. Authorizes and directs District staff to amend any provisions of the District's Rules and Regulations to effectuate the above-referenced increases.

Section 5. Within seven days after adoption of this Ordinance, this Ordinance shall be published in a newspaper of general circulation in Pico Water District and shall be subject to referendum for thirty (30) days following its adoption.

Section 6. Absent any petition for referendum, this Ordinance shall become effective thirty (30) days after its adoption.

**ADOPTED, APPROVED AND EXECUTED BY THE BOARD OF DIRECTORS OF PICO WATER DISTRICT the 15th day of February 2024.**

The vote on this Ordinance was as follows:

AYES: Caballero, Ramirez, Rodriguez

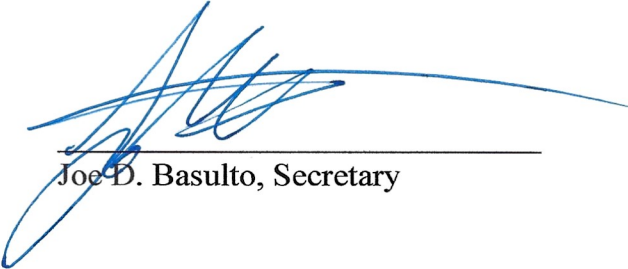
NOES: Angelo

ABSTENTIONS: Gonzales



Raymond Rodriguez, President

ATTEST:



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Joe D. Basulto, Secretary

(Seal)

