

**TO:** James L. App, City Manager  
**FROM:** Doug Monn, Director of Public Works  
**SUBJECT:** **Community Water Rates & Capacity Charges**  
**DATE:** September 16, 2008

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**NEEDS:** For the City Council to consider rejecting the currently proposed water rate and capacity charge proposals and to consider an alternative approach.

- FACTS:**
1. The City Council established a set of water resource goals to assure the security and adequacy of Paso Robles fresh water supply today and for the future.
  2. The water resource goals are:
    - Improve water quality; &
    - Increase reliability of water supply; &
    - Increase and diversify water resources; &
    - Reduce groundwater basin dependence; &
    - Reduce salt loading into the basin (used water discharge); &
    - Prioritize public investments to accomplish these goals; &
    - Maintain strong water rights position; &
    - Anticipate regulatory requirements.
  3. The City's General Plan, Urban Water Management Plan, and Integrated Water Resource Plan consider a variety of water sources to address community fresh water needs.
  4. Comprehensive analysis of water source options (including conservation, recycling, desalination, & new reservoirs), challenges, characteristics, availability, and costs indicated that the Nacimiento Water Project was and is the best first step to accomplishing community water resource goals.
  5. Nacimiento Water meets water resource goals; it:
    - Is significantly softer (better quality) than ground water; &
    - Is reliable – historical lake level records indicate that the contracted entitlement would have been available every year; &
    - Adds to both the volume and diversity of community supply; &
    - Allows reduced consumption of groundwater; &
    - Reduces salt loading into the basin; &
    - Is the most feasible and available option that addresses all water goals; &
    - Is secured by contract; &
    - Anticipates increased regulatory interest in basin waters.

6. Nacimientto Water is more costly to provide than groundwater resulting in higher user rates and capacity charges to cover the increased expense.
7. The currently proposed water rates and capacity charges required for Nacimientto water, and other water system improvements and operations, are challenging under current economic conditions.
8. An alternative approach to pay for Nacimientto-related, and other water system, improvements would be to (i) phase projects over 17 years rather than 10, and (ii) use fund balance more aggressively, coupled with operating income and development revenue, to cover debt and (iii) pay cash rather than finance projects. This approach results in a less costly rate and charge structure.
9. The alternative approach provides that users pay for operations and improvements that serve the existing community, while new development pays for those improvements that offset their impacts (including 50% of the current 4,000 a.f. per year Nacimientto contract plus 100% of added future supplies). The alternative rate and charge option presents both benefits and risks.
10. The alternative water rate proposal would be considered pursuant to, and consistent with, the provisions of California's Proposition 218.

#### **ANALYSIS &**

**CONCLUSION:** The original plan for treating water deliveries from the Nacimientto Water Project (NWP) was to construct a water treatment plant (WTP) at the City-owned Thunderbird Well Field. With an estimated project cost of \$41 million (plus the cost of financing for a total cost of \$89 million), the WTP was to be sized for 6 million gallons per day (4,000 acre-feet per year) of NWP water beginning in summer 2010. In addition, the facility would be expanded to 12 MGD as demand increases.

To reduce and slow down the increase in water rates, an alternative approach of "pay-as-you-go" phased improvements is presented for consideration.

The alternative would stage the water treatment plant and other system improvements over 17, rather than 10, years as cash is available to build. The initial treatment plant would have the capacity to meet summer peak demands (approximately 2,000 acre feet annually) and operate in a less costly direct filtration mode. Subsequent capacity expansions would be timed to keep pace with development/increases in water demand.

The pay-as-you-go approach would lower the currently proposed rates and charges. For illustrative purposes only, the alternative approach, compared against the 7/08 proposal, would significantly reduce the currently proposed rate increases as well as implement them in smaller increments over a longer period of time (as shown in the sample below):

<u>7/08 Proposal</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Monthly Fixed Rate	\$18	\$19.98	\$22.48	\$24.95	\$24.95	\$24.95	\$24.95	\$24.95	\$24.95
Charge per Unit (748 Gallons)	\$2.56	\$4.22	\$4.86	\$5.00	\$5.15	\$5.31	\$5.31	\$5.47	\$5.47

**Pay-as-you-Go Option**

Monthly Fixed Rate	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18
Charge per Unit (748 Gallons)	\$1.32	\$1.75	\$2.00	\$2.25	\$2.50	\$2.75	\$3.00	\$3.25	\$3.33

*NOTE: The 7/08 proposal increases the monthly flat rate by meter size, whereas the option would not.*

For ease of reference, sample comparative residential monthly consumption costs are/would be:

	<u>2009</u>	<u>2010</u>	<u>2012</u>	<u>2014</u>	<u>2016</u>
<b>Average Use (19 units):</b>					
<b>7/08 Proposal</b>	<b>\$64.72</b>	<b>\$97.01</b>	<b>\$116.20</b>	<b>\$121.86</b>	<b>\$124.78</b>
<b>Option</b>	<b>\$43.08</b>	<b>\$49.94</b>	<b>\$ 59.06</b>	<b>\$ 68.19</b>	<b>\$ 77.31</b>
<b>Moderate Use (30 units):</b>					
<b>7/08 Proposal</b>	<b>\$92.88</b>	<b>\$143.42</b>	<b>\$171.20</b>	<b>\$180.27</b>	<b>\$184.95</b>
<b>Option</b>	<b>\$57.60</b>	<b>\$ 69.19</b>	<b>\$ 83.81</b>	<b>\$ 98.44</b>	<b>\$113.06</b>

Similarly, proposed capacity charges for new development would likely be reduced from the currently proposed \$27,617 per single family residence/equivalent meter (in 2011) to approximately \$22,000-25,000.

The alternative approach has both benefits and risks:

Benefits:

- More affordable
- Avoids financing costs
- Builds treatment capacity as needed
- Provides water to meet peak summer demand
- Begins accomplishment of water resource goals
- Allows for a pattern of continued groundwater basin use

Risks:

- More aggressive use of fund balance
- Initially limits water quality benefits
- Water characteristics may vary (taste & odor)
- Initially uses half of the Nacimiento entitlement
- Slows realization of planned groundwater basin relief
- Slows accomplishment of planned water resource objectives
- Future additional supply (over/above 4,000 a.f.) may not be available

Both plans present benefits and risks. The 7/08 full 6 MGD treatment approach and 10-year capital plan proposal meets planned water resource goals beginning 2010, but requires substantial financing (and its associated costs) while resulting in a considerable financial burden on users and new development. The phased alternative significantly reduces cost increases, avoids financing costs, and involves aggressive management of fund balance, but results in slower realization of planned water resource goals. Choice of one over the other is a function of weighing the respective costs/benefits against community impacts.

**POLICY**

**REFERENCE:** General Plan, Urban Water Management Plan, Integrated Water Resource Plan, & Water Master Plan.

**FISCAL**

**IMPACT:** Payments for the Nacimiento water project are due beginning July 2010. Water treatment improvements must be constructed to use the water. And, other water system improvements are required to continue providing safe, secure and reliable water deliveries.

Should new rates and charges not be adopted, the Water fund balance will be quickly exhausted. Once exhausted, an alternative source of recurring funds would be required to cover debt and operating obligations.

**OPTIONS:** A. Reject current 7/08 proposals for water rates and capacity charges, and direct staff to initiate alternative water rate and capacity charge proposals.

B. Adopt Current Water Rate and Capacity Charge Proposals by:

1. a) Establishing whether sufficient valid protests have been received per Proposition 218 procedures to prohibit adoption of the selected water rate structure, and either b) if there is no majority protest, proceeding with introduction of Ordinance No.08-xxx scheduling October 7, 2008 as the date for reading and adoption of the ordinance; or c) if there is a majority protest, directing development of rate alternatives, and

2. Approve Resolution 08-xxx establishing Water Capacity Charges.

C. Amend, Modify or Reject the Options Above.

Attachments:

- A – Alternative Project Plan & Cost
- B – Alternative Project Plan Description
- C – Ordinance No.08-XX Adjusting Water User Fees
- D – Resolution No.08-XX Establishing Water Capacity Charges

## Attachment A Alternative Project Plan & Cost

### 7/08 Proposal

### Pay-As-You-Go Option

Time Frame	Pace of Projects Reflected in July 1, 2008, Rate and Fee Proposal 10-Year CIP and Full 6 MGD Treatment Plant	Time Frame	Alternative Pace of Projects as of September 16, 2008 17-Year CIP and Phased Water Treatment Plant
2009/10	Construction of full 6 MGD water treatment plant (\$41 million capital estimate; \$89 million total over 30-year finance term)	2009/10	Construct initial phase of water treatment plant for 2 MGD direct filtration (\$11.8 million paid with cash from reserves)
2010/11 to 2017/18	Estimated \$47 million <sup>1</sup> in capital projects (tanks, pipelines, remote read metering, etc.) spread over 10 years	2009/10 to 2025/26	Estimated \$65.7 million in capital projects (tanks, pipelines, remote read metering, etc.) spread over 17 years.
2018/19		2018/19	Construct Phase II of water treatment plant for 4 MGD capacity with pretreatment steps and transmission main to East Main Zone added (+\$21 million paid with cash from reserves)
2021/22		2021/22	Construct Phase III of water treatment plant for 6 MGD capacity with permanent housing for filtration racks and chemical feed systems, expanded pump capacity, more treated water storage (+\$26 million paid with cash from reserves)
<b>TOTALS =</b>	<b>\$136 million in CIP and treatment plant costs over 10 years</b>		<b>\$125 million in CIP and treatment plant costs over 17 years</b>

<sup>1</sup> All costs stated herein are inflated at 5.5% per year to proposed date of construction.

## Attachment B

### Alternative Project Plan Description

#### Original Project Plan as Addressed on July 1, 2008

Delivery of 4,000 acre-feet per year (AFY) to Paso Robles from the Nacimiento Water Project is on schedule to begin in mid-2010. To date, Paso Robles has planned to construct a full, 6 million gallon per day (MGD) surface water treatment plant to treat those deliveries. Essentially, a full scale plant was envisioned to include advanced pretreatment processes, membrane filtration, backwash water recovery, and redundant systems. An exemplary operations facility was also planned, along with landscaping that would function as a water-saving demonstration garden for the community. Tanks, pumps, and pipes were also planned to blend the treated lake water with well water such that uniform water quality would be enjoyed throughout town.

The estimated cost of the full scale 6 MGD facility is \$41 million, including construction, engineering, construction phase support, easement acquisition, and other related activities. That was too costly to pay out of reserves, so revenue bond financing was anticipated.

Having the full scale treatment plant up and running and staffed by mid-2010 was a key component of the proposed water rate and fee program presented to City Council on July 1, 2008. While this treatment approach included much for residents, it did trigger sharply increasing water rates and fees.

City Council and the public alike sought another approach.

#### Alternative Project Plan

Options for phasing in the treatment plant have been under review in recent weeks. The alternative project plan now under consideration is to "pay as you go".

The City's pay as you go alternative treatment approach requires that the water treatment plant implementation is "phased-in" over time, such that the initial treatment plant capacity is adequate to meet peak summer demands and operate in a less costly direct filtration mode. Subsequent capacity expansions are timed to keep pace with population growth and future increases in water demand. Phased implementation is envisioned to take place in two or more steps, generally as follows:

- Phase I (Completion in Year 2010): Principal components of the Phase I treatment plant, comprising the basic water treatment process needed to meet drinking water quality standards, include; filtration units, raw water storage, a treated water pump station, chemical feed systems, related site improvements and appurtenants, and tank

for blending treated surface water with Thunderbird Well water. The Phase I plant would be sized for 2 MGD capacity, which is sufficient to treat 2,000 AFY, or ½ of the City's current NWP entitlement, on a year-round basis. Backwash water flows would be discharged to the sewer system.

- Phase II (Estimated Completion in Year 2019): In Phase II, the plant would be expanded by installing additional filtration units to achieve a total plant capacity of 4 MGD, which is sufficient to treat all of the City's current NWP entitlement (4,000AFY). Expanded pretreatment will be added in this phase that will reduce the potential for issues related to taste and odor. At the same time, a new treated water transmission pipeline to expand deliveries to the east zone would be constructed. Phase II work could also include installation of a backwash recycling system.
- Phase III (Estimated Completion in Year 2022): In Phase III, the treatment plant is further expanded by installing additional filtration units to achieve a total plant capacity of 6 MGD, which is sufficient to treat the City's current 4,000 AFY NWP entitlement by peaking in summer months, or alternatively, approximately 6,000 AFY if operated on a year-round basis. Phase III work also involves build-out of the treated water pump station and add-ons to treated water storage and the chemical feed systems.

### **Customer Impacts**

To help reduce project costs, the Phase I water treatment plant has a much simpler process design compared to that which is currently being proposed in the full-scale facility. While it would be sufficient to meet drinking water standards, the simpler process may not be able to react effectively to the seasonal changes in raw water that can impact non-health-related characteristics such as taste and odor.

The raw lake water will be withdrawn from Lake Nacimiento through a multi-port intake facility. This intake was designed to allow the San Luis Obispo County Flood Control & Water Conservation District (District) to find better water as a result of seasonal fluctuations. To help mitigate treatment variances due to possible changes in raw water quality, the City will work closely with the District to focus on raw-water monitoring at the Lake, and how operation of the intake can help provide the best raw water quality.

Treating and delivering 2,000 AFY of Nacimiento water will result in a less marked improvement in quality and reduce the beneficial effects at the City's wastewater treatment plant.

Additionally, the full-scale facility was designed with the City's Gateway Standards in mind, and significant attention was given to architecture treatments, landscaping and screening.



These non-treatment-related aspects of the current full-scale approach are beyond the planning window of the phased approach, and would not be fully implemented until sometime after 2026. However, as the phased facility advances into later stages, the differences in the two approaches (as they relate to fulfillment of City water resources objectives), vanish.

Another aspect of water system planning has evolved since the July 1, 2008, proposal. The planned capital improvement projects were originally staged over 10 years. A 17 year program (i.e. through build out) is now under consideration. This longer time frame allows funds to accrue, another aspect that evens out water rates and fees over time.

## ORDINANCE NO. XXX N.S.

AN ORDINANCE OF THE CITY OF EL PASO DE ROBLES  
AMENDING SECTIONS 14.04.020 AND 14.16.020 OF THE CITY OF EL PASO DE  
ROBLES MUNICIPAL CODE TO ADJUST WATER USER FEES

WHEREAS, the City Council has adopted the Integrated Water Resources Plan and approved participation in the Nacimiento Water Project to help assure a high quality and continuous supply of water to its citizens; and

WHEREAS, current water rates and water capacity charges generate revenues to provide drinking water to residents and businesses from ground water with an allowance for a portion of initial Nacimiento Water Project expenditures; and

WHEREAS, the existing water rates were set before the costs of the Nacimiento Water Project were fully known; and

WHEREAS, the water to be provided by the Nacimiento Water Project and the associated improvements to the City water system are necessary to improve quality and supplement the limited ground water supply especially during peak summertime demand periods, and also to provide adequate distribution, treatment, and water storage capacity; and

WHEREAS, the Nacimiento Water Project infrastructure is designed to have the capacity to serve both existing City water customers as well as those resulting from new development; and

WHEREAS, the City hired the firm of Kennedy/Jenks Consultants to undertake a comprehensive review of the City's water rate revenues and costs of water operations (the "Water Rate Study"); and

WHEREAS, the Water Rate Study recommends that the costs of capital improvements and water utility operating expenses be paid for with a combination of (i) water rates that are charged to existing customers and (ii) water connection fees/capacity charges that are charged for new development; and

WHEREAS, the City Council believes a combination of a fixed and variable rate structure is the most equitable method of helping pay for a reliable, well-maintained, infrastructure system and reliable water source; and

WHEREAS, the City Council, on July 1, 2008, authorized staff to mail the notices required by Proposition 218 to all property owners and water customers and on August 19, 2008, continued the public hearing on the proposed adoption of the new water rates to September 2, 2008; and

WHEREAS, notices were mailed to all property owners and water customers on July 2, 2008; and

WHEREAS, at the public hearing on September 2, 2008, the Deputy City Clerk attested that written protests by the owners of a majority of the affected properties had not been presented; and

WHEREAS, the staff report and the Water Rate Study, and other public and written

testimony presented at the public hearing are incorporated herein by reference;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES ORDAIN AS FOLLOWS:

SECTION 1. Subdivision C of Section 14.04.020 of the Paso Robles Municipal Code is hereby amended to read as follows:

“C. FEES—WATER USAGE RATES. The monthly rates to be charged and collected for all water consumption including bulk water delivery, or fire hydrant usage from every person, school, firm, or corporation shall be charged at rates established by ordinance of the City Council and adopted in accordance with the procedures required by law.

Effective January 1, 2009, the rate for water users shall be a combination of a fixed rate, based on meter size, and a variable rate, based on consumption. The fixed and variable rate components shall be further adjusted every January 1<sup>st</sup> thereafter as set forth in the following table:

Meter Size (inches)	Proposed Monthly Fixed Rates				
	2009	2010	2011	2012 <sup>1</sup>	2013
5/8" & 3/4"	\$18.00	\$19.98	\$22.48	\$24.95	\$24.95
1"	\$25.20	\$27.97	\$31.47	\$34.93	\$34.93
1-1/2"	\$32.40	\$35.96	\$40.46	\$44.91	\$44.91
2"	\$52.20	\$57.94	\$65.18	\$72.36	\$72.36
3"	\$198.00	\$219.78	\$247.25	\$274.45	\$274.45
4"	\$252.00	\$279.72	\$314.69	\$349.30	\$349.30
6"	\$378.00	\$419.58	\$472.03	\$523.95	\$523.95
8"	\$522.00	\$579.42	\$651.85	\$723.55	\$723.55
<b>Proposed Consumption Charge (\$/HCF)</b>					
<b>All Customers Except Single Family</b>					
All usage	\$2.56	\$4.22	\$4.86	\$5.00	\$5.15
<b>Single Family Customers</b>					
0-5 HCF	\$2.18	\$3.59	\$4.13	\$4.25	\$4.39
> 5 HCF	\$2.56	\$4.22	\$4.86	\$5.00	\$5.15

Beginning January 1, 2012 and each January 1 thereafter, the fixed and variable rate components established in this section each shall be modified annually by the increase in the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose Region as reported by the Bureau of Labor Statistics for the 12-month period ending the prior October 31st.

<sup>1</sup> Both the fixed and variable rates would be subject to adjustment on January 1, 2012 and each January 1 thereafter by the increase in the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose region as reported by the Bureau of Labor Statistics for the 12 months ending October 31 of the prior year.

The water usage fees shall further be reviewed no less than biennially in conjunction with the update of the City's budget to ensure that the water capacity charges then in existence do not exceed the costs of providing water service within the City.

SECTION 2. Severability

If any action, subsection, sentence, clause or phrase of this ordinance is, for any reason, held by a court of competent jurisdiction to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance.

SECTION 3. Publication

The City Clerk will certify to the passage of this Ordinance by the City Council of the City of El Paso de Robles, California, and cause the same to be published once in a newspaper of general circulation, published and circulated in the City of El Paso de Robles.

SECTION 4. Effective Date.

This Ordinance will take effect thirty (30) days after its final passage.

Introduced at a regular meeting of the City Council held on September 16, 2008 for first reading by the City Council of the City of El Paso de Robles, and adopted on the 7th day of October, 2008 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Frank R. Mecham, Mayor

ATTEST:

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Deborah Robinson, Deputy City Clerk

## RESOLUTION NO. 08-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES  
MODIFYING AND ADOPTING WATER CONNECTION AND CAPACITY CHARGES

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WHEREAS, improvements to the City water system are needed, primarily to supplement the limited ground water supply, and also to provide adequate distribution, staffing, and water storage capacity; and

WHEREAS, the planned improvements as outlined in the 2007 Integrated Water Resources Plan and Capital Improvement Program amount to approximately \$210 million over the coming decade, including Nacimiento supply and treatment capital costs as well as other distribution system capital costs plus financing and operations costs; and

WHEREAS, on January 15, 2008, Council directed that studies of water rates and water connection fees (water capacity charges) be prepared in light of both the Nacimiento project and other planned water system improvements; and

WHEREAS, the City retained the firm of HF&H Consultants, LLC to analyze the City's costs for existing and future facilities as well as the proportional share of such costs that should be borne by new development through water capacity charges; and

WHEREAS, HF&H determined that the revenues generated by the existing connection fees (water capacity charges) are inadequate to pay for new development's proportional costs of those improvements set forth in the Integrated Water Resources and Capital Improvement Plan which are necessary to sustain water system operations and water production in compliance with State Dept of Public Health, local fire code, and other requirements; and

WHEREAS, the City wishes to ensure the ability to produce water to meet peak demands, extend water reliability and improve water quality; and

WHEREAS, a phased connection fee will provide the necessary funding to provide a reliable, well-maintained, infrastructure system and reliable water resource to serve the needs of its existing and future customers; and

WHEREAS, notices and information regarding the August 19, 2008 public hearing on the adoption of the proposed capacity charges, in compliance with the requirements of Government Code section 66016, were sent to interested parties, and

WHEREAS on August 19, 2008 the public hearing was continued to September 2, 2008.

THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. The City Council of the City of El Paso de Robles hereby finds and determines that the proposed water connection and capacity charges do not exceed the estimated reasonable cost of providing the service for which the fee is to be charged. This finding is based on the study conducted by HF&H, dated August 27, 2008, as amended to date, and incorporated herein

by reference, the staff report and other testimony and information presented at the public hearing.

SECTION 2. The City Council of the City of El Paso de Robles does hereby approve and adopt the schedule of water connections fees (water capacity charges) attached hereto as Exhibit 'A' and incorporated herein by reference, to become effective January 1, 2009.

SECTION 3. Beginning January 1, 2012 and each January 1 thereafter, the fees shown on Exhibit A shall be adjusted based on the change in the Engineering News Cost Record construction cost index (or equivalent publication) as reported for the twelve month period ending October 31st of the prior year. Further, that said water connection fees (water capacity charges) shall be reviewed no less than biennially (every two years) in conjunction with the update of the City's four-year financial plan to ensure that the water connection fees (water capacity charges) then in existence do not exceed the estimated reasonable cost of providing the public facilities and services for which they are imposed.

SECTION 4. Building permits approved and secured by the project owner or agent on or before December 31, 2008, shall be subject to the connections fees in effect immediately prior to the adoption of this Resolution. Permits secured January 2, 2009 or later shall be subject to the fees adopted by this Resolution. All building permit applications received after September 2, 2008, shall be processed on a first-come, first-served basis, in accordance with the City's standard policies.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 16th day of Septmeber 2008 by the following votes:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST:

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Frank R. Mecham, Mayor

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Deborah D. Robinson, Deputy City Clerk

EXHIBIT 'A'  
TO RESOLUTION 08- XX

Water Connection and Capacity Charges

Meter Size	Current Charge as of:	Proposed Charge as of				
	Jul 1, 2008	Jan 1, 2009 <sup>1</sup>	Jan 1, 2010 <sup>2</sup>	Jan 1, 2011 <sup>3</sup>	Jan 1, 2012 <sup>4</sup>	Jan 1, 2013
5/8" and 3/4"	\$9,119	\$15,142	\$20,481	\$27,617	\$27,905	\$28,208
1"	\$15,226	\$25,287	\$34,203	\$46,120	\$46,601	\$47,107
1 1/2"	\$30,364	\$50,423	\$68,202	\$91,965	\$92,922	\$93,933
2"	\$48,601	\$80,707	\$109,164	\$147,199	\$148,731	\$150,349
3"	\$97,292	\$151,420	\$204,810	\$276,170	\$279,046	\$282,080
4"	\$152,002	\$252,417	\$341,418	\$460,375	\$465,170	\$470,227
6"	\$303,914	\$504,683	\$682,632	\$920,475	\$930,060	\$940,173
8"	\$486,280	\$807,523	\$1,092,252	\$1,472,815	\$1,488,152	\$1,504,333
10"	\$699,100	\$1,160,937	\$1,570,278	\$2,117,395	\$2,139,445	\$2,162,708

<sup>1</sup>Water capacity charge do not include the water treatment plant and additional future water supply components.

<sup>2</sup>Charges include the water treatment plant component.

<sup>3</sup>Charges include additional future water supply.

<sup>4</sup>Beginning on January 1, 2012 and each January 1 thereafter, fees shown in the table shall be adjusted based on the change in the Engineering News Cost Record construction cost index (or equivalent publication) as reported for the twelve month period ending October 31<sup>st</sup> of the prior year.