



Financial Analysis Prepared for the Frazier Park Public Utility District

**Rural Community
Assistance Corporation**



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Rural Community Assistance
Corporation

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February 1st, 2022

Emma Blankenship
State Water Resources Control City Council - Division of Financial Assistance
1001 I St. 16th Floor
Sacramento, CA 95814

Subject: Frazier Park Public Utility District Rate Study
AR 6164-D

Dear Emma,

Enclosed please find the printed final report for the Frazier Park Public Utility District (PUD) rate study recommendation.

The report will be presented to the community, and subsequently to the Frazier Park PUD Board of Directors for approval. RCAC will continue to support the district through the Prop 218 process.

If you have any additional questions, feel free to contact David Hossli at (805) 354-3672.

Sincerely,

Ari Neumann

Ari Neumann
RCAC, Director
Community & Environmental Services

Enclosure: Frazier Park Public Utility District Water Financial Analysis

CC: Rebecca Gipson,
Board President
Frazier Park Public Utility District
P.O. Box 1525
Frazier Park, CA 93225

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1. Executive Summary

To ensure the financial sustainability of their district, Frazier Park Public Utility District requested that RCAC perform a drinking water rate study. RCAC had previously completed a rate study for the District in August of 2016 that recommended rate increases over a five-year period. Frazier Park had been implementing rate increases per RCAC's recommendations up until the beginning of the COVID-19 pandemic in 2020, during which time they stopped the rate increases for their customers' water service. In July of 2020, the District reached out to RCAC to request a rate study for three reasons: 1) the District wanted to reassess their rate structure after suspending planned rate increases 2) the District is considering consolidation and wants to assess their financial position if they elect to consolidate and 3) the District had an MHI of \$43,077 in the 2016 Water Rate Study and by 2020 the MHI was \$33,281 according to US Census 2019 5-year American Community Survey data. The reduced MHI and Covid policies adopted by the State have had an impact on affordability to their customer base.

In (waiting on hearing to happen) 2022, a Prop 218 hearing was held...

This study's goal is to produce a balanced budget and a positive cash flow for the next five years that their customers can afford. RCAC recommends gradual rate increases over a five-year period so that the system is financially viable without causing undue burden on the customers. At the end of the five-year period of increases, the district will be short of meeting overall reserve targets. However, cash flow remains positive for all five years for the water enterprise and proposed rates are within the targeted affordability range.

The proposed rate structure is compliant with the most recent interpretation of Prop 218.

Overall, the recommended rates are sufficient to sustain the system in the short-term and they will have to do another financial analysis (rate study) at the end of 2025 to assess the long-term.

2. Introduction

Rural Community Assistance Corporation

Founded in 1978, RCAC provides training, technical, and financial resources, and advocacy so rural communities can achieve their goals. Since 1978, our dedicated staff and active board, coupled with our key values: leadership, collaboration, commitment, quality, and integrity, have helped effect positive change in rural communities across the West.

RCAC's work includes environmental infrastructure (water, wastewater, and solid waste facilities); affordable housing development; economic and leadership development; and community development. These services are available to communities with populations of fewer than 50,000, other nonprofit groups, Tribal organizations, Farmworkers, Colonias, and other specific populations. Headquartered in West Sacramento, California, RCAC's employees serve rural communities in 13 western states and the Pacific Islands.

Purpose of the Rate Analysis

In this study, RCAC seeks to address several factors. The first is to present Frazier Park PUD with rates that will fund future projects in the drinking water system.

This analysis seeks to establish revenue sufficient to cover the reserves required to operate and maintain the existing infrastructure of the water system, as well as fund the debt, emergency, and capital reserves.

These objectives will be met by implementing the recommended rate structure defined in this report and through the development of a capital replacement plan for the district. The capital replacement program considers each asset's estimated remaining life, the estimated future cost of replacing it, and the expected cost sharing required by the system's grants and loans.

This analysis also seeks to ensure there are enough funds to pay off the system's two USDA loans (#3 and #6) until their maturity dates.

Guiding Principles of this Rate Study

RCAC follows the guiding principles below on all rate analyses.

- Sustainable – Recommended rates should consider all factors possible to ensure the long-term financial viability of the utility.
- Equitable – All customers should be treated equitably in the rate study. This means those customers demanding more from the system are charged accordingly.
- Justifiable – Proposed rates should be backed up by numbers and data. They should be able to withstand scrutiny.
- Conservation – In California, water conservation is an important part of responsible resource management. However, according to the Capistrano interpretation of Prop 218, rates cannot be used in an effort to promote conservation.

Board Responsibilities

While this document recommends certain rates, it is the responsibility of the Frazier Park PUD Board of Directors to set rates for the district. The Board has a fiduciary responsibility to set the rates at such a

level that the PUD will be able to continue to operate in the future, including providing funds to replace all parts of the system as they wear out.

The Frazier Park PUD Board of Directors is responsible for:

- Providing safe drinking water to the communities they serve.
- Ensuring compliance with all regulations pertaining to the management of water facilities.
- Providing for the financial sustainability of the system through appropriate rates.
- Monitoring system management including financials.

Disclaimer

The findings, recommendations and conclusions contained in this financial analysis are based on financial information provided to RCAC by the Frazier Park PUD staff and board members. Although reasonable care was made to ensure the reliability of this information, no warranty is expressed or implied as to the correctness, accuracy or completeness of the information contained herein.

Any action taken on the basis of such findings, recommendations or conclusions is undertaken at the Frazier Park PUD Board of Directors' discretion. In no event will RCAC or its partners, employees, or agents, be liable for any decision made or action taken in reliance on the information contained in this analysis.

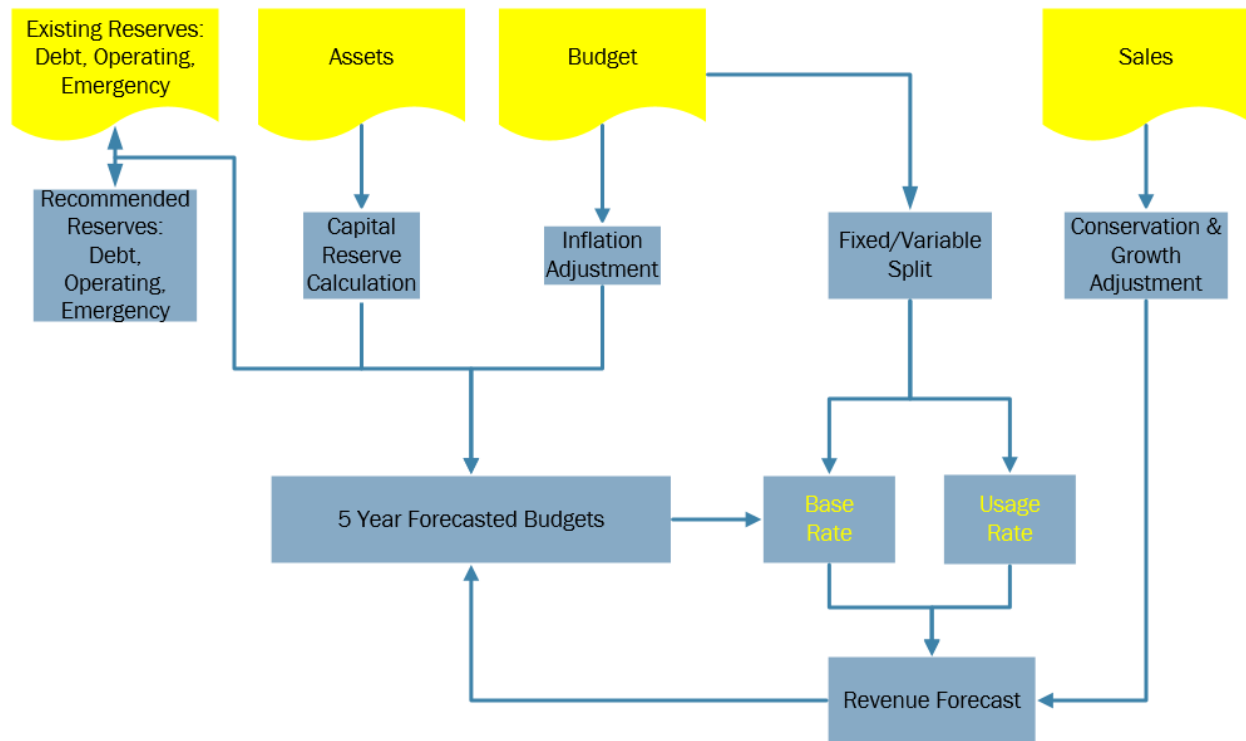
RCAC is an equal opportunity provider and employer.

3. Rate Study Process

The figure¹ below explains the process of setting rates.

Rate setting begins by reviewing the list of all existing reserves, capitalized assets, the current budget, and the current sales history as provided by district staff.

Rate Setting with Water Meters



From the assets list, the required reserves are calculated (Section 6) and fed into a five-year budget projection (Section 7).

The budget is adjusted for inflation, estimated to be 2.9 percent per year.

The number of customers is adjusted for non-paying customers, undeveloped lots, future water conservation and community growth.

The budgeted expenses are split between fixed and variable costs, which leads to a recommended base rate and usage charges.

The calculated rates are then applied to the forecasted sales to arrive at a revenue estimate.

¹ All yellow fields and cells in the figures and exhibits of this report are based on external data. All blue fields or cells are calculated.

With input from staff and RCAC, this process was repeated several times to provide multiple rate options until arriving at an acceptable rate that would balance the forecasted budget.

4. System Basic Statistics

Community

Frazier Park Public Utility District (FPPUD; PWSID CA1510007) operates a water treatment and distribution system for residents in the community of Frazier Park, California. It is located approximately 46 miles south of Bakersfield, CA along Interstate-5 in Kern County.

Frazier Park serves a population of 2691 people via 1267 residential service connections and 51 commercial service connections.

Frazier Park has a median household income of \$33,281 according to US Census 2019 5-year American Community Survey data and is currently classified as a disadvantaged community.

System Description

FPPUD consists of two active wells, two inactive springs, pumping facilities, chlorination treatment at the well sites, ten storage tanks with a total volume around two million gallons, and distribution piping.

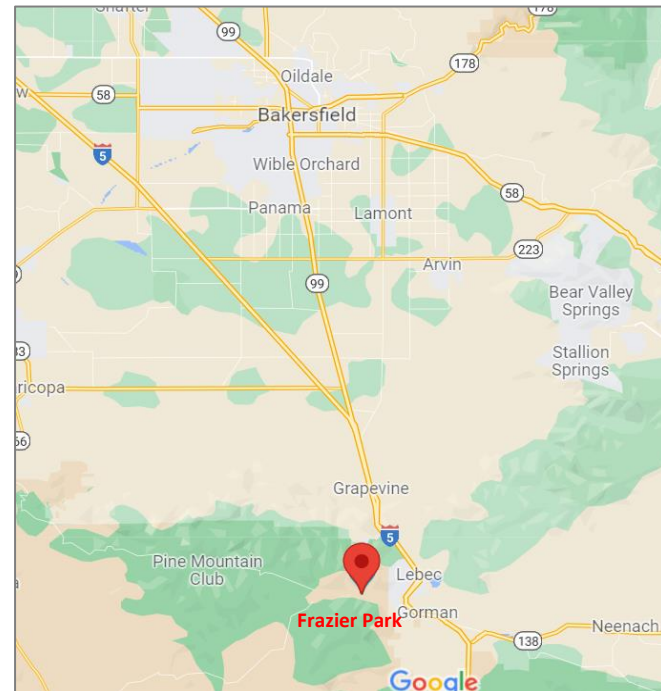
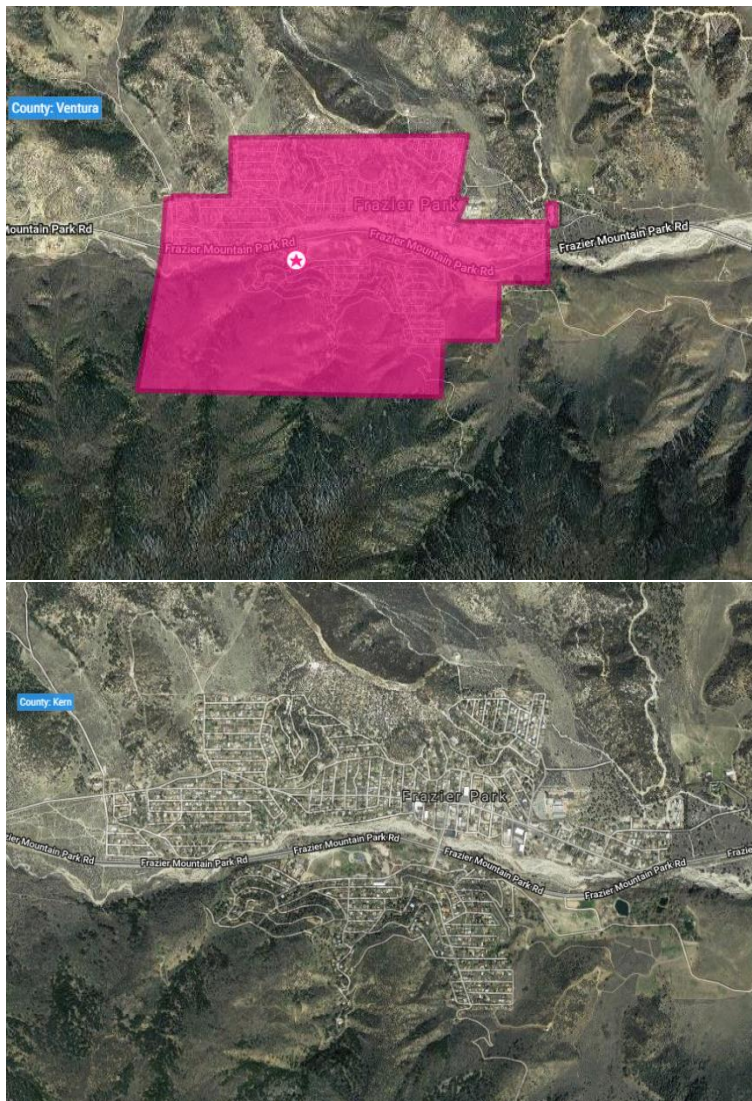


Figure 1: Location Map of Frazier Park, CA

5. Current Financial Condition and Analysis

Current Water Service Production and Consumption

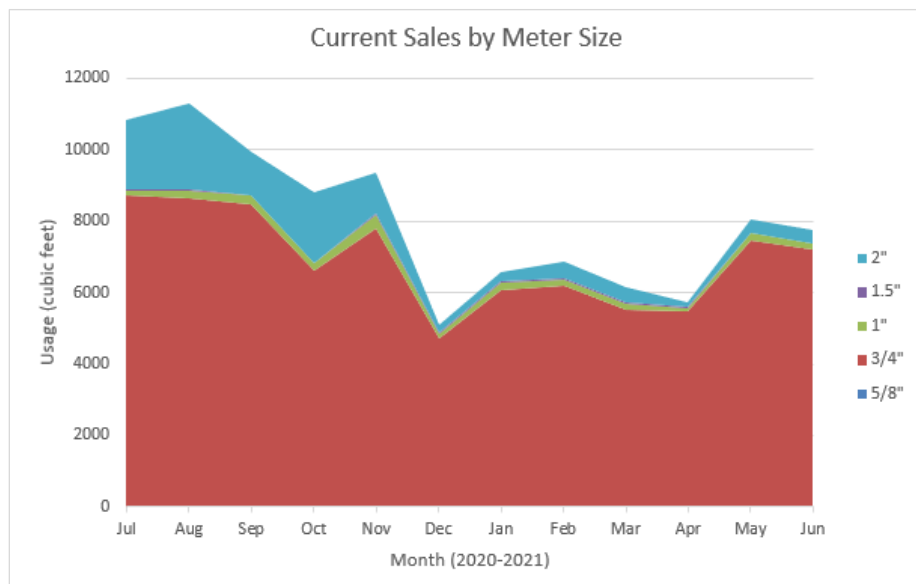


Figure 1: 2020-2021 Water Usage by Meter Size

The usage period analyzed in this rate study is July 2020 through July 2021. As shown in Figure 1, Frazier Park experiences higher water usage during the summer months of May through November. Monthly usage ranged from a maximum of 11,284 cubic feet in August 2020 to a minimum of 5,119 cubic feet in December 2020. During the winter months of December through April, monthly water usage remained below 7,000 cubic feet per month.

Current Rate Structure

Meter Size	Monthly Base Rate
0.75"	\$66.55
1.00"	\$111.32
1.50"	\$221.43
2.00"	\$354.53
3.00"	\$701.80
4.00"	\$1,101.10
6.00"	\$2,216.72
Usage Charge per 100 CF	\$2.36

The current rates do not vary based on customer class (commercial and residential) and only vary by meter size. The current water rates are shown in the Rate Information document (Exhibit 5).

Frazier Park PUD currently uses a uniform block rate and has two classes for customers: residential and commercial. The current rate structure includes a base rate and a uniform usage charge of \$2.36 per 100 CF. To be compliant with California Prop 218 law, no base volume of water is included in the base.

Currently, Frazier Park PUD charges the following fees:

Late Charge	10% of amount billed at the first of the month
Returned Check Fee	\$35
Ownership Transfer Fee	\$50
Disconnect Notice Posting Fee	\$25
Owner-Tenant Reconnection Request Fee	\$100
Reconnect for Non-Payment Fee	\$15
Service Update from 3/4" to 1"	\$1,000
In Office Credit Card Fee	\$1.50
Online Credit Card Fee	1% plus \$.80
Automated Phone Line Credit Card Fee	1% plus \$.80
Convenience Fee to Turn on Water During Regular Business Hours (8am - 5pm Monday through Thursday)	\$20
Convenience Fee to Turn off Water During Regular Business Hours (8am - 5pm Monday through Thursday)	\$20
Convenience Fee for After Hours / Weekends Turn On Water	\$100
Convenience Fee for After Hours / Weekends Turn Off Water	\$100
3 Days Activation and Lock off (Locked off Accounts)	\$100
7 Year Abandonment Reconnection Fee (Note: For three inch and larger meter service \$750 plus materials: meter and or shut off valve)	\$750
Emergency Shut Off to avoid further damage to personal property (any time)	No charge
Will Serve Deposit, If entire New Connection fee is paid within six months from date of application, the deposit will be deducted from the Connection Fee.	\$200
Cutting Off Locks/curb stops/valves/Vandalism (Minutes of October 12, 2004) per CA Penal Code 498 (stealing water) and/or 594 (vandalism)	\$200 each occurrence
Stand-By Fee Collected via Kern County Tax Assessor's Office, for any unimproved properties without service or property with service locked off for more than 6 months. Per government code section 54984	\$5 per parcel per year

Proposed Rate Structure

RCAC proposes to continue with a uniform block rate, wherein all customers have the same base rate depending on the customer’s meter size. The following rates are recommended:

Proposed Rates

Meter Size	Proposed Base Rate				
	2021	2022	2023	2024	2025
0.75"	\$66.55	\$67.22	\$68.56	\$70.62	\$72.74
1.00"	\$111.32	\$112.43	\$114.68	\$118.12	\$121.67
1.50"	\$221.43	\$223.64	\$228.12	\$234.96	\$242.01
2.00"	\$354.53	\$358.08	\$365.24	\$376.19	\$387.48
3.00"	\$701.80	\$708.82	\$722.99	\$744.68	\$767.02
4.00"	\$1,101.10	\$1,112.11	\$1,134.35	\$1,168.38	\$1,203.44
6.00"	\$2,216.72	\$2,238.89	\$2,283.66	\$2,352.17	\$2,422.74
Usage Rate per 100 CF	\$2.36	\$2.36	\$2.36	\$2.36	\$2.36

The proposed rates do not vary based on customer class (commercial and residential) and only vary by meter size.

Future Population and Usage Projects

This analysis considered factors of conservation or community growth and its effect on consumption. The reason being the board does not expect Frazier Park PUD customers to change their patterns in conservation over the next five years. The board does not expect the population to grow and bring in more customers to the water utility over the next five years.

Sales adjustment over base-year	Year 1	Year 2	Year 3	Year 4	Year 5
Conservation factor	0%	0%	0%	0%	0%
Community growth factor	0%	0%	0%	0%	0%
Total sales adjustment	0%	0%	0%	0%	0%

Proposed Fees: New Fee Charge 2022

Proposed new Fee for 2022 and Cost of living adjustment each year after till 2025 using the consumer price index		
Late Charge		10% of amount billed at the first of the month
Returned Check Fee		\$35.00
Ownership Transfer Fee		\$50.00
Disconnect Notice Posting Fee		\$25.00
Owner-Tenant Reconnection Request Fee		\$100.00
Reconnect for Non-Payment Fee		\$30.00
Service Update from 3/4" to 1"		\$2,635.00
In Office Credit Card Fee		\$1.50
Online Credit Card Fee		1% plus \$.80
Automated Phone Line Credit Card Fee		1% plus \$.80
Convenience Fee to Turn on Water During Regular Business Hours (8am - 5pm Monday through Thursday)		\$24.00
Convenience Fee to Turn off Water During Regular Business Hours (8am - 5pm Monday through Thursday)		\$24.00
Convenience Fee for After Hours / Weekends Turn On Water		\$155.50
Convenience Fee for After Hours / Weekends Turn Off Water		\$155.50
3 Days Activation and Lock off (Lock Off)		\$100.00
7 Year Abandonment Reconnection Fee	Meter size 3/4 inch	\$750
	Meter size 1 inch	\$926
	Meter size 1 1/2 inch	\$1,874
	Meter size 2 inch	\$2,217
	Meter size 3,4,6 inch	(Note: For three inch and larger meter service \$750 plus materials: meter and or shut off valve)
Emergency Shut Off to avoid further damage to personal property (any time)		No charge
Will Serve Deposit, If entire New Connection Fee is paid within six months from date of application, the deposit will be deducted from the Connection Fee.		\$200.00
Cutting Off Locks/curb stops/valves/Vandalism (Minutes of October 12, 2004) per CA Penal Code 498 (stealing water) and/or 594 (vandalism)		\$321.00
Stand-By Fee Collected via Kern County Tax Assessor's Office, for any unimproved properties without service or property with service locked off for more than 6 months. Per government code section 54984		\$5.00

6. Capital Replacement Program

Source of the Data

The data in the Capital Replacement Program (CRP) comes from the data supplied by the district staff and the American Water Works Association (AWWA) standards (Exhibit 1).

The components list, installation date, and original costs were all supplied or estimated by district staff.

The normal estimated life is based on AWWA or industry standards.

The estimated remaining life is based on the best judgment of the water operator, district staff and RCAC.

Sources of Funding

Funding replacement components can only come from cash saved by the district, a grant, or a loan. Currently, the possibility of Frazier Park PUD obtaining a grant in the near future is high, but due to changing funding streams, access to grants may change in the future.

With the current funding information, Frazier Park PUD may qualify for grants provided by various governmental agencies, but it will also need to build up cash reserves. It is assumed that the replacement of smaller capital assets valued less than \$20,000 will be 100 percent funded with cash. The funding of larger replacement of capital assets will be funded with a combination of cash, grants, and loans as shown in the below table.

Default Funding of CRP

Replacement Value From	To	Cash	Grant	Loan
\$0	\$20,000	100%	0%	0%
\$20,001	\$100,000	25%	0%	75%
\$100,001	and up	15%	85%	0%

CRP Description

The CRP provides us with a detail of the reserves needed to replace the existing, funded, and future unfunded capital assets. This means there will be some reserves we have accounted for receiving grants and loans to offset the district costs. However, there will also be assets that will need to be fully or partially funded by the district to replace or refurbish.

The annual CRP set-aside for the treatment plant is \$0 (N/A no plant, only treatment is for disinfection) (found in Exhibit 1a).

The total line of the CRP table (asset inventory: (\$59,227,610) is the amount Frazier Park PUD must put aside to be able to replace the assets listed when they reach the end of their life expectancy. This amount varies slightly every year when old equipment is replaced. This can be seen in the five-year budget. (Exhibit 1a and 1b).

Alternative

If the water system decides not to fund the annual capital reserve requirement, the system will have to come up with these amounts from other sources, or from steeper rate increases in future years.

The system cannot count on future grants from the state or other government sources in addition to those shown in the table above.

It will require an effort of board and district staff to obtain these grants. The amount of grants obtained for future projects has a very substantial impact on water rates. Therefore, this study recommends a new rate study every five years.

7. Budget

Current Budget

All expenses shown in Five-Year Forecasted Budgets (Exhibit 3a and 3b) were provided by the district staff as their current approved budget. The data comes from the budget as shown in Exhibit 4. For this study, each budget line item was separated into operations, maintenance, general, and administration expenses. RCAC recommends the budget be separated into two funds to meet Governmental Accounting Standards Board (GASB) requirements.

The capital replacement reserves were calculated in the previous section.

The cash revenue shown is a calculated number based on:

- Water rates recommended in this report
- The number of paying customers
- An average annual inflation factor of 2.9 percent
- A conservation factor and growth factor (none in this case)

Reserve Funding

As of July 1st, 2020, Frazier Park PUD holds approximately \$1,678,397 in unrestricted cash and cash equivalents for the water system.

AWWA standards recommend a review of four types of reserves:

1. Debt reserve: Frazier Park PUD has three loans with USDA Rural Development for the water treatment plant. The annual payment and reserve requirements for these loans are shown in the table below.

Description	Annual Payment	Maturity	Reserve Required
USDA Loan #03	\$31,500	2051	\$71,830
USDA Loan #6	\$31,500	2051	\$69,269
USDA Loan & Replacement Fund (917)	\$94,179	2051	\$106,744

2. Operating reserve: Operating reserves are established to provide the utility with the ability to withstand short term cash-flow fluctuations. Industry standard calls for 1.5 times the average monthly expenses. The target operating reserve is \$135,440 but the utility has \$252,728 in operating reserves. The surplus of \$117,288 in the operational reserve was moved to the capital reserve.
3. Emergency reserve: Emergency reserves are intended to help utilities deal with short-term emergencies, such as mainline breaks or pump failures. An emergency reserve is intended to fund the immediate replacement or reconstruction of the system's single most critical asset. The emergency reserve should be set at the replacement cost of the most expensive component that could fail. In the case of Frazier Park PUD, it was determined that \$250,000 in emergency reserves would be sufficient. The system currently has an emergency reserve of \$850,000. The surplus of \$600,000 in the emergency reserve was moved to the capital reserve.
4. Capital replacement reserve (CRP): This reserve is strictly to be used to fund Frazier Park PUD's portion of any replacement of capital assets that are worn out. The capital reserve target was \$250,000 while Frazier Park PUD currently has \$575,669 in its capital reserve. Please refer to the five-year budget (Exhibits 3a and 3b) to see how the capital reserves requirements change over the five years.

Existing Reserves and Reserve Targets

Existing Reserves	Amount	
Debt reserve	\$247,843	As per lending agreements
Operating reserve	\$252,728	In checking account
Emergency reserve	\$850,000	In savings account
Capital reserve	\$575,669	In Certificates of Deposit and other investments
Total	\$1,926,239	

Reserve Targets	Amount	First-year reserve addition	Excess funds to be transferred to CRP	Goal
Debt reserve	\$247,843	\$0	\$0	As per lending agreement(s)
Operating reserve	\$135,440	\$0	\$135,440	1.5 times expenses in a billing cycle
Emergency reserve	\$250,000	\$0	\$600,000	Critical equipment replacement cost
Capital reserve	\$1,311,109			

Reserve Policies

The benefit of splitting the reserves into four types are:

1. These reserves have different time horizons: The debt reserve can be invested for a long period of time—as long as the debt is on the books and does not decrease in value. Operating reserves and emergency reserves should be readily available. While CRP funds can be invested with different maturity dates to coincide with the planned need for capital replacements.
2. These four different reserves should require different policies related to:
 - a. Investment terms and vehicles
 - b. What the funds can be used for
 - c. Who can access the funds
 - d. What procedure has to be followed to access the funds

RCAC recommends that Frazier Park PUD check their reserve policy for all its water service and update as needed. A sample is attached as Exhibit 7 along with Frazier Parks PUD policy.

8. Fixed Versus Variable Expenses

This break out of expenses is relevant to the water system to determine how the rates should be set. Exhibit 6a and 6b shows the split between fixed and variable expenses.

Source

The data comes from the budget as shown in Exhibit 3a and 3b.

Description

Some expenses vary by the volume of water sold. For example, electricity costs will go up when more water is processed.

Other expenses are fixed. For example, insurance costs remain the same whether water is sold or not.

Most costs are somewhere in between.

For Frazier Park, 76 percent of all expenses are fixed, and 24 percent are variable. The five-year average expenses, taken from the forecasted budget, is \$1,631,801. Therefore, 77 percent of this would be the district's total fixed expenses: \$1,236,784. The 23 percent of costs that are variable are then \$395,072. This is not unusual for smaller water systems to have a high percentage of fixed costs.

Alternatives

While fixed expenses should be covered by the base rate (the same every month), variable cost should be covered by the usage rate (based on the quantity sold). Should fixed costs not be covered by the base rate, but by variable income (usage charges), there may be seasonal shortfalls in cash-flow of the district, and the district will have to dip into its operating reserves during the winter months.

The split between fixed and variable expenses is not germane to the overall balancing of the budget. It is only relevant to cover the seasonal cash flows of the utility.

9. Rate Calculation

Theoretical Base Rate Calculation

In theory, fixed expenses should be covered by fixed income (base charges) and variable expenses should be covered by variable income (usage charges). Fixed revenue (base charges) should cover \$1,236,784 (fixed expenses shown in Exhibit 3).

Fixed expenses of \$1,236,784 should be collected from 1318 active customers and should be based upon the customer's meter size.

The theoretical base rate is calculated by determining the maximum demand for each meter according to the AWWA Safe Maximum Operating Capacity, multiplying by the number of meters by that size in the system, and determining the percentage of total fixed costs that are allocated by meter size. This calculation results in the following:

Meter Size in "	Decimal Size	Number of Meters	AWWA Safe Maximum Operating Cap. (GPM)	Max Demand (GPM)	% of Max Demand by Meter Size	Total Fixed Costs Allocated by Meter Size	Theoretical Base Rate by Meter Size per M
A	B	C	D	E= D * C	F= % of total	G= % * total	H=G/C/12
5/8"	0.625	0	20				
3/4"	0.750	1283	30	38,490	88.91%	\$1,099,649	\$71.42
1"	1.000	22	50	1,100	2.54%	\$31,427	\$119.04
1.5"	1.500	1	100	100	0.23%	\$2,857	\$238.08
2"	2.000	10	160	1,600	3.69%	\$45,712	\$380.93
6"	6.000	2	1000	2,000	4.62%	\$57,139	\$2,380.81
Total		1318		43,290	100.00%	\$1,236,784	

Notes: Safe maximum meter capacity for 5/8" through 2" meters (column D) based on AWWA C700 displacement meters. Safe maximum meter capacity for 3" through 8" meters based on AWWA C702 compound meters.

Base Rate Calculation

In January of 2022 the Board of Directors met and considered the following recommended rates. The goal was to set a uniform block rate in such a way that it generates enough revenue to balance the budget and, be affordable to the customers. These rates recommend a percentage of the proposed theoretical base rates needed to fully fund the CRP and were approved by the Frazier Park PUD's Board of Directors.

Meter Size	Proposed Base Rate				
	2021	2022	2023	2024	2025
% Annual increase		1.00%	2.00%	3.00%	3.00%
0.75"	\$66.55	\$67.22	\$68.56	\$70.62	\$72.74
1.00"	\$111.32	\$112.43	\$114.68	\$118.12	\$121.67
1.50"	\$221.43	\$223.64	\$228.12	\$234.96	\$242.01
2.00"	\$354.53	\$358.08	\$365.24	\$376.19	\$387.48
3.00"	\$701.80	\$708.82	\$722.99	\$744.68	\$767.02
4.00"	\$1,101.10	\$1,112.11	\$1,134.35	\$1,168.38	\$1,203.44
6.00"	\$2,216.72	\$2,238.89	\$2,283.66	\$2,352.17	\$2,422.74

The base rate selected is 92 percent of the theoretical amount. This will be followed by annual increases of 1%, 2%, 3% and 3% for the consecutive years. This will result in a steady increase for all customers throughout the five-year rate increase.

Usage Rate Calculation

Frazier Park PUD currently uses a uniform usage rate in accordance with Prop 218. The proposed rate structure will also use a uniform usage rate.

Currently, for both residential and commercial customers, the base rate does not include any volume of water; the usage rate, \$2.36 per 100 cubic feet, applies for all water purchased. The proposed usage rate is the same across the five-year period.

Usage Fee per Cubic Foot						
	Current Usage Rate	Year 1 Usage Rate	Year 2 Usage Rate	Year 3 Usage Rate	Year 4 Usage Rate	Year 5 Usage Rate
% annual increase			0%	0%	0%	0%
All meter sizes	\$2.36 per 100 CF	\$2.36 per 100 CF	\$2.36 per 100 CF	\$2.36 per 100 CF	\$2.36 per 100 CF	\$2.36 per 100 CF

Estimated Profit and Cash Flow

By setting the base rate and the usage rate, the model calculates the revenue generated by this rate, compares it to the expenses (as shown in the budget) and calculates the estimated profit/loss and the estimated contributions to the reserves.

	2021	2022	2023	2024	2025	5 Years
Estimated profit/loss with new rates	-\$67,917	-\$70,804	-\$71,400	-\$60,768	-\$50,603	-\$321,492
Balanced budget?	No	No	No	No	No	
Estimated contribution to Reserves	\$359,619	\$340,100	\$339,504	\$348,614	\$358,518	\$1,746,355
Net Cash Flow	Yes	Yes	Yes	Yes	Yes	

The estimated profit/loss is negative for all five years, but the district is able to set aside \$1,746,355 in reserves.

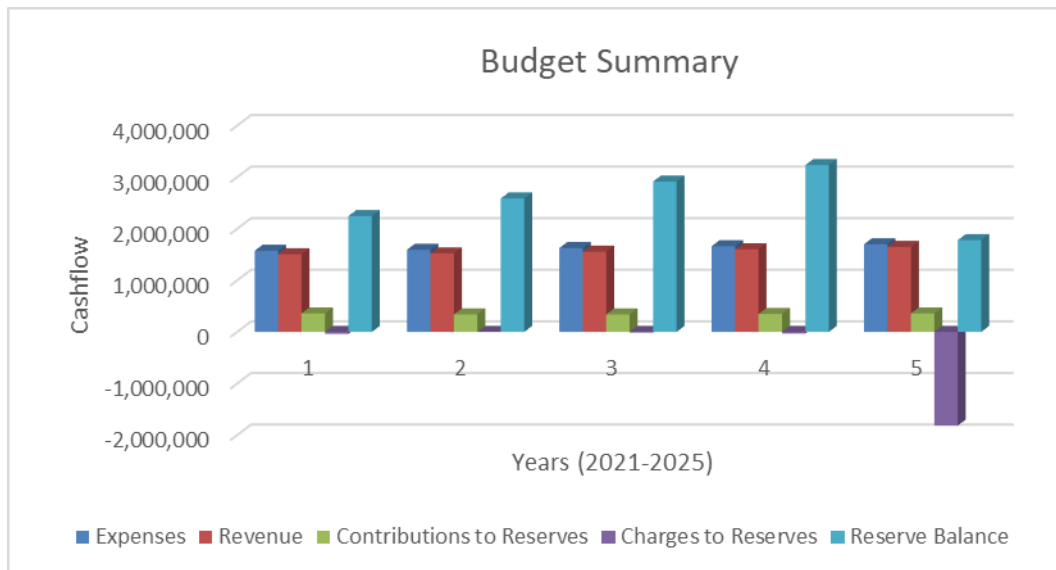
Affordability Index

The Median Household Income (MHI) of Frazier Park PUD’s service area (from American Community Survey 2019) is \$33,281. The “affordability index” was calculated by dividing the average annual water bill of all residences by the MHI.

		Year 1	Year 2	Year 3	Year 4	Year 5
Affordability Index MHI of Frazier Park	\$33,281	2.41%	2.43%	2.48%	2.55%	2.63%

Any number below 2.5 percent is considered “affordable” and any number below 1.5 percent is considered too low, and any replacement project may not be eligible for certain funding. The proposed rates are the recommend affordability range, by Frazier Park PUD for the purposes of financial solvency. Note, the District had an MHI of \$43,077 in the 2016 Water Rate Study and by 2020 the MHI was \$33,281 according to US Census 2019 5-year American Community Survey data that along with Covid policies by the State have had an impact on affordability.

Impacts of the Proposed Water Rates



- Expenses (dark blue bar) shows an increase each year, note expenses include funding for reserves.
- Revenue (red bar) gradually climbs each year starting the first year as the district continues to contribute a fixed revenue to the existing CRP for asset replacement, but they do not fund the CRP fully.
- Contributions to Reserves (green bar) is the contributions to reserves.
- Charges to Reserves (purple bar) are the replacement costs of certain assets, according to the CRP. In the Year five shows money going out for CRP to pay for replacement of assets.
- The Reserve Balance (light blue bar) is the amount available to replace the system assets in future years. In the fifth year, the reserve balance shows a decrease due to contribution to the CRP program spending money to replace assets.

A new rate study should be done in five years or when a grant or loan is obtained.

Estimated Monthly Bill

Draft Base Rates					
Class 1: Residential, Uniform Block, Schedule A					
Meter Size	Year 1	Year 2	Year 3	Year 4	Year 5
0.625	0.00	0.00	0.00	0.00	0.00
0.750	66.55	67.22	68.56	70.62	72.74
1.000	111.32	112.43	114.68	118.12	121.67
Class 2: Business, Uniform Block, Schedule B					
Meter Size	Year 1	Year 2	Year 3	Year 4	Year 5
0.625	0.00	0.00	0.00	0.00	0.00
0.750	66.55	67.22	68.56	70.62	72.74
1.000	111.32	112.43	114.68	118.12	121.67
1.500	221.43	223.64	228.12	234.96	242.01
2.000	354.53	358.08	365.24	376.19	387.48
3.000	701.80	708.82	722.99	744.68	767.02
4.000	1,101.10	1,112.11	1,134.35	1,168.38	1,203.44
6.000	2,216.72	2,238.89	2,283.66	2,352.17	2,422.74
8.000	0.00	0.00	0.00	0.00	0.00
10.000	0.00	0.00	0.00	0.00	0.00
Rate per 100 CF	2.36	2.36	2.36	2.36	2.36

As shown in the above table, all customers will see an increase in their monthly billing with the adoptions of the new rates. Each customer's bill will vary depending on the amount of water they use.

10. Next Steps

Start the Process at a Board Meeting

Frazier Park Board of Directors must follow Prop 218 (Exhibit 11) in implementing the water rates. The Frazier Park board must have a hearing and pass a resolution (Exhibit 8) that includes:

1. The selected rates.
2. Approve the wording of the Prop 218 notice (sample in Exhibit 9) and email the GM for editing. Make sure the Public Notice reflects the rates, tiers, and fees approved by the board.
3. Set a date for the notices to be mailed to all the property owners and renters within the District. (No need to send them registered mail. Send the notices to all "property owners of record." The county tax collector or assessor can provide the district with a list of addresses and address labels.) Notices must be mailed to owners of vacant parcels too.
4. Set the effective date of the rate increase.
5. Set a due date for the protests votes to be received, at least 45 days after the notices are mailed.

6. At the second meeting, the board must plan to take testimony. The district may want to set multiple hearings to explain the rate increases to the public.
7. Set an effective date for the proposed rates and fees.

Hearing

At the due date of the protest votes, tally the protest votes. If more than half of the parcels protest (one vote per property, either by the renter or the owner); then the board cannot adopt the rates proposed in step 1, but must:

- Keep the rates unchanged
- Or repeat the process starting with step 1

If less than half of the property owners protest, the board can adopt the rates and fees. At that time in the process, the board can only accept or reject the proposed rates and fees—they cannot change them (unless steps 1-7 are repeated).

Implementation

The billing system needs to be updated with the new rates.

11. Exhibits

1. Capital Replacement Program
 - a. Distribution System Capital Assets
2. Capital Refurbishment Schedule – not included, not applicable
3. Five-Year Forecasted Budget
 - a. Distribution System Budget
4. 2018-2020 Frazier Park Budgets
5. 2018 Frazier Park Rate Information
6. Fixed vs. Variable Expenses
 - a. Distribution System Expenses
7. Sample Reserve Policy
8. Sample Board Resolution
9. Sample Prop 218 Public Notice
10. Prop 218 Public Notice (not here as of the writing of this report, waiting for hearing date)
11. Prop 218 Text

Exhibits 1. Capital Replacement Program

Quantity	Asset	Year Acquired	Unit Cost (Historic, Current or Future)	Cost Type (H, C, F)	% Belonging to Water	Estimated Historic Cost (Water only)	Normal Estimated Life	Current Age	Estimated Current Cost	Planned Remaining Life	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Existing Reserves	Annual Reserve Required	
	Replacement of Existing Capital Assets																	
				H	100%	\$0			#VALUE!			0			0%	0	0	
1	195 Allis Chalmers	1984	3,000	H	100%	\$3,000	20	38	8,808	-18	8	5,314	100%	0%	0%	1,932	Not Cap.	
1	196 Backhoe-Case	1992	37,011	H	100%	\$37,011	15	30	69,040	-15	1	56,828	25%	0%	75%	5,046	9,161	
1	292 Backhoe-Deere	2009	34,500	H	100%	\$34,500	15	13	45,202	2%	4	52,972	25%	0%	75%	3,304	2,436	
1	309 Bucket Loader	2013	85,102	H	100%	\$85,102	15	9	102,806	6	8	130,688	15%	85%	0%	4,499	1,803	
1	310 Dirt Sifter	2012	9,396	H	100%	\$9,396	50	10	11,530	40	42	39,113	25%	0%	75%	843	168	
1	149 F. Trailer	1988	1,351	H	100%	\$1,351	20	54	4,150	-34	5	2,393	100%	0%	0%	1,213	Not Cap.	
1	178 Lincoln Welder	1979	2,682	H	100%	\$2,682	12	43	6,506	-31	6	3,751	100%	0%	0%	1,902	Not Cap.	
1	318 Portable Generator	2013	88,531	H	100%	\$88,531	15	9	82,626	6	8	105,225	15%	85%	0%	3,623	1,452	
1	317 Track Loader	2013	84,867	H	100%	\$84,867	20	9	77,968	11	7	114,549	15%	85%	0%	3,419	1,894	
1	227 Office Building	1998	105,865	H	100%	\$105,865	40	26	181,728	14	16	332,175	15%	85%	0%	7,969	2,388	
1	236 Concrete Block Wall- Side Of Office	2000	4,068	H	100%	\$4,068	60	22	6,426	38	40	22,610	25%	0%	75%	470	104	
												0%	0%	100%	0	0		
												0%	0%	100%	0	0		
1	313 Signage Project	2013	51,800	H	100%	\$51,800	30	9	62,454	21	23	122,121	0%	100%	0%	0	0	
1	Traffic Plates	2000	2,500	H	100%	\$2,500	30	22	3,949	8	10	5,894	100%	0%	0%	1,154	Not Cap.	
												0%	0%	100%	0	0		
												0%	0%	100%	0	0		
1	Elm Tank Booster 1, 20HP	1985	4,000	H	100%	\$4,000	12	57	13,078	-45	1	5,637	100%	0%	0%	3,623	Not Cap.	
1	Elm Tank Booster 2, 20HP (did it get rebuilt in 2017?)	1985	4,000	H	100%	\$4,000	12	57	13,078	-45	0	5,637	100%	0%	0%	3,623	0	
1	Harrison Tank Site Booster 1	1988	4,000	H	100%	\$4,000	12	54	12,287	-42	1	5,637	100%	0%	0%	3,592	Not Cap.	
1	Harrison Tank Site Booster 2	2012	11,000	H	100%	\$11,000	12	10	13,541	2	4	15,502	100%	0%	0%	3,959	Not Cap.	
2	Parcel B Booster 1	1985	4,000	H	100%	\$8,000	12	57	28,155	-45	5	11,274	100%	0%	0%	7,646	Not Cap.	
												0%	0%	100%	0	0		
2	Pine Canyon 1 Booster 1-15HP-Replace in 2018 ?	1985	4,000	H	100%	\$8,000	12	57	28,155	-45	0	11,274	100%	0%	0%	7,646	0	
												0%	0%	100%	0	0		
4	Well Site #5	2014	10,000	H	100%	\$40,000	12	8	47,235	4	19	56,370	25%	0%	75%	3,452	495	
1	Wolfe Tank Site Booster 1, 50HP	2015	15,000	H	100%	\$15,000	12	7	17,349	5	7	21,139	25%	0%	75%	1,268	551	
1	Wolfe Tank Site Booster 2, 40HP	1982	10,000	H	100%	\$10,000	12	40	22,983	-28		14,092	100%	0%	0%	6,713	0	
1	402 Pine Canyon Spring	1950	5,000	H	100%	\$5,000	50	72	22,327	-22	16	20,880	25%	0%	75%	1,632	200	
1	119 Monte Vista Well	1989	11,860	H	100%	\$11,860	50	53	35,050	-3	1	48,851	25%	0%	75%	2,882	9,601	
1	400 Sam Young Spring	1950	11,213	H	100%	\$11,213	50	72	50,070	-22		48,626	25%	0%	75%	3,659	0	
1	Well #4 (backup)	2010	22,512	H	50%	\$11,256	50	12	14,444	38	40	47,006	25%	0%	75%	1,068	214	
1	Well # 5	2005	80,000	H	100%	\$80,000	50	17	85,426	33	36	250,585	15%	85%	0%	3,748	795	
1	Well # 6	2016	500,000	H	100%	\$500,000	50	6	568,402	44	46	2,088,040	15%	85%	0%	24,837	4,856	
												0%	0%	100%	0	0		
1	Piping Replacement Project #1	1971	1,316,700	H	100%	\$1,316,700	50	51	3,800,141	-1	5	5,488,644	15%	85%	0%	166,639	128,385	
1	Piping Replacement Project #2	1976	1,489,725	H	100%	\$1,489,725	50	46	3,875,166	4	5	6,221,210	15%	85%	0%	169,929	148,955	
1	Piping Replacement Project #3	1981	1,685,485	H	100%	\$1,685,485	50	41	3,951,667	9	10	7,038,719	15%	85%	0%	173,294	83,558	
1	Piping Replacement Project #4	1988	1,908,971	H	100%	\$1,908,971	50	36	4,029,882	14		7,963,862	15%	85%	0%	178,706	0	
1	Piping Replacement Project #5	1991	2,157,583	H	100%	\$2,157,583	50	31	4,109,240	19		9,010,154	15%	85%	0%	180,194	0	
1	Piping Replacement Project #6	1996	2,441,084	H	100%	\$2,441,084	50	26	4,190,367	24		10,194,160	15%	85%	0%	183,751	0	
												0%	0%	100%	0	0		
1	Maintenance yard fencing	2013	12,100	H	100%	\$12,100	30	9	14,589	21	23	28,526	25%	0%	75%	1,066	231	
2	Storage Buildings ?	1988	3,000	H	100%	\$6,000	30	54	18,431	-24		14,145	100%	0%	0%	5,388	0	
												0%	0%	100%	0	0		
1	Ford f450	2010	8,700	H	100%	\$8,700	15	12	11,164	3		13,358	100%	0%	0%	3,284	0	
3	Toyota Tacomas	2017	29,383	H	100%	\$88,150	15	5	97,803	10		135,349	15%	85%	0%	4,289	0	
3	Polaris	2013	10,752	H	100%	\$32,256	10	9	38,890	1	3	42,930	25%	0%	75%	2,842	2,595	
												0%	0%	100%	0	0		
1	Elm Trail Tank	1996	78,862	H	100%	\$78,862	60	26	135,083	34	36	437,374	15%	85%	0%	5,923	1,356	
1	Forest Service Tank	2006	348,759	H	100%	\$348,759	60	16	488,337	44	46	1,988,420	15%	85%	0%	21,326	4,546	
1	Harrison Flats Tank	1988	3,000	H	100%	\$3,000	60	54	9,215	6	8	16,674	100%	0%	0%	2,894	Not Cap.	
1	Magee Tank	2001	127,122	H	100%	\$127,122	60	21	196,680	39	41	706,660	15%	85%	0%	8,625	1,894	
1	Parcel B Tank	2003	189,452	H	100%	\$189,452	60	19	251,496	41	43	941,623	15%	85%	0%	11,028	2,388	
1	Pine Canyon #1 Tank	2012	141,430	H	100%	\$141,430	60	10	174,100	50	52	786,075	15%	85%	0%	7,634	1,593	
1	Pine Canyon #2 Tank	2012	386,244	H	100%	\$386,244	60	10	478,486	50	52	2,148,784	15%	85%	0%	20,850	4,351	
1	Sam Young Tank	2013	84,791	H	100%	\$84,791	60	9	102,231	51	53	471,273	15%	85%	0%	4,483	933	
1	Well #5 Tank	2013	75,000	H	100%	\$75,000	60	9	90,426	51	53	418,854	15%	85%	0%	3,965	826	
1	Wolfe Tank #1	2003	216,823	H	100%	\$216,823	60	19	321,509	41	43	1,204,002	15%	85%	0%	14,096	3,054	
1	Wolfe Tank #2	1965	50,000	H	100%	\$50,000	60	57	163,470	3	5	277,903	15%	85%	0%	7,188	6,738	
												0%	0%	100%	0	0		
1	Annual replacement of a printer	2016	500	H	100%	\$500	5	6	586	-1		577	100%	0%	0%	166	0	
1	Annual replacement of a computer	2016	1,000	H	100%	\$1,000	5	6	1,133	-1		1,154	100%	0%	0%	331	0	
1	Annual upgrade of software	2016	1,500	H	100%	\$1,500	10	6	1,899	4		1,996	100%	0%	0%	497	0	
1	Replacement of furniture	2016	1,000	H	100%	\$1,000	10	6	1,133	4		1,331	100%	0%	0%	331	0	
1	Office furniture	2013	1,000	H	100%	\$1,000	10	9	1,206	1		1,331	100%	0%	0%	352	0	
												0%	0%	100%	0	0		
1	TAPPING MACHINE	1989	6,678	H	100%	\$6,678	25	33	13,259	-8		13,647	100%	0%	0%	3,678	0	
1	TRASH PUMP, 4" (1) For Leaks -MODEL MULTQUIF	2020	3,062	H	100%	\$3,062	10	2	3,182	8		4,062	100%	0%	0%	930	0	
												0%	0%	100%	0	0		
2	TRASH PUMP, 3" (2) For Leaks	2020	3,867	H	100%	\$7,334	10	2	7,646	8		9,781	100%	0%	0%	2,236	0	
2	TRASH PUMP, 2" (2) For Leaks	2013	3,867	H	100%	\$7,334	10	9	8,842	1		9,781	100%	0%	0%	2,585	0	
3	UNITECH HAND HELD COMPUTERS (3) (current that	2011	5,485	H	100%	\$16,455	10	11	20,681	-1		21,900	100%	0%	0%	6,046	0	
1	UNITECH HAND HELD COMPUTER (1) (current that	2016	1,577	H	100%	\$1,577	10	6	1,787	4		2,099	100%	0%	0%	522	0	
1	Radiodetection Locator (new pipeline locator replaced	2016	8,974	H	100%	\$8,974	10	6	10,166	4		11,944</						

Exhibit 3 RCAC Five-Year Forecasted Budget & Exhibit 4 FPPUD 2018 thru 2020 budgets

EXPENSES AND SOURCES OF FUNDS	2018	2019	2020	% Belonging to Water	2021	2022	2023	2024	2025
OPERATIONS & MAINTENANCE EXPENSES									
50000 Prop 218 Expenses	0.00	100.00	0.00	100%	0	0	0	0	0
50003 FPPUD/LOW Planning Grant	5,000.00	5,700.00	7,299.96	100%	7,512	7,729	7,954	8,184	8,422
51022 Operations-Pump Power Electrica	45,923.28	49,196.55	49,557.89	100%	50,995	52,474	53,996	55,562	57,173
51023 Uniforms-Mats-Towels Expense	4,021.17	1,201.62	4,165.87	100%	4,287	4,411	4,539	4,671	4,806
51025 Distribution System Maintenance	79,399.72	110,943.31	211,084.96	100%	217,206	223,505	229,987	236,657	243,520
51026 Tools Expense	121.49	1,768.55	2,946.27	100%	3,032	3,120	3,210	3,303	3,399
51032 Fuel - Vehicle & Equipment	8,481.33	10,468.82	9,977.55	100%	10,267	10,565	10,871	11,186	11,511
51081 Environmental Fees	1,734.56	1,803.72	927.76	100%	955	982	1,011	1,040	1,070
51082 Testing & Lab Fees	7,696.00	8,367.00	9,706.75	100%	9,988	10,278	10,576	10,883	11,198
52021 Equipment Rental	33.04	911.82	1,680.78	100%	1,730	1,780	1,831	1,884	1,939
52110 Maintenance & Repairs	16,976.31	37,162.08	49,084.31	100%	50,508	51,972	53,480	55,031	56,626
60011 Wages - Admin-Managerial	0.00	0.00	1,819.00	100%	1,872	1,926	1,982	2,039	2,099
60012 Wages - Admin-Other Staff	47,080.26	80,964.98	59,684.25	100%	61,415	63,196	65,029	66,915	68,855
60021 Wages - Operations-Managerial	72,015.14	75,569.35	84,538.25	100%	86,990	89,513	92,108	94,780	97,528
60022 Wages - Operations-Other Staff	140,245.37	133,959.57	136,731.89	100%	140,697	144,777	148,976	153,296	157,742
60101 Payroll Tax Expense - Federal	21,153.18	20,920.46	23,050.39	100%	23,719	24,407	25,114	25,843	26,592
60102 Payroll Tax Expense - State	2,403.81	1,619.37	1,939.29	100%	1,996	2,053	2,113	2,174	2,237
60140 Employee Mileage Reimbursement	1,142.95	511.29	150.00	100%	154	159	163	168	173
60150 Payroll Check Processing Fees	7,111.36	6,780.77	6,055.73	100%	6,231	6,412	6,598	6,789	6,986
60160 Employee Hiring Expenses	0.00	297.00	1,823.96	100%	1,877	1,931	1,987	2,045	2,104
60200 Employee Benefits	145,954.93	137,302.95	140,693.14	100%	144,773	148,972	153,292	157,737	162,312
61005 Advertising	0.00	445.50	595.24	100%	613	630	649	667	687
61007 Bad Debt Expense	2,579.55	5,213.00	1,810.36	100%	1,863	1,917	1,972	2,030	2,089
61010 Bank Fees	145.07	909.36	262.91	100%	271	278	286	295	303
61014 Directors' Fees	7,500.00	8,100.00	8,566.66	100%	8,815	9,071	9,334	9,604	9,883
61015 Dues	6,532.79	9,088.63	10,676.73	100%	10,986	11,305	11,633	11,970	12,317
62020 Education & Training	3,182.58	820.00	2,872.00	100%	2,955	3,041	3,129	3,220	3,313
63560 Insurance	23,290.13	19,867.87	29,100.65	100%	29,945	30,813	31,707	32,626	33,572
63640 Interest Expense	100,141.14	97,970.12	96,541.24	100%	99,341	102,222	105,186	108,237	111,376
63700 License, Fees, & Permits	8,163.41	8,409.50	4,016.69	100%	4,133	4,253	4,376	4,503	4,634
64100 Meetings Expenses	50.02	176.19	796.41	100%	820	843	868	893	919
64110 Merchant Credit Card Fees	5,056.88	6,654.52	6,443.83	100%	6,631	6,823	7,021	7,224	7,434
64710 Office Expense	9,929.30	8,387.67	12,862.95	100%	13,236	13,620	14,015	14,421	14,839
64715 Office Supplies	7,483.97	8,068.81	6,625.15	100%	6,817	7,015	7,218	7,428	7,643
65005 Postage/FedEx	5,896.85	8,829.22	7,323.25	100%	7,536	7,754	7,979	8,210	8,449
65008 Printing	25.74	1,451.35	86.30	100%	89	91	94	97	100
65010 Professional Services	32,262.10	33,537.50	46,515.64	100%	47,865	49,253	50,681	52,151	53,663
65020 Property Taxes	77.58	86.36	87.74	100%	90	93	96	98	101
65025 Publications	164.12	30.00	0.00	100%	0	0	0	0	0
66000 Security Monitoring Expense	0.00	960.00	1,440.00	100%	1,482	1,525	1,569	1,614	1,661
66010 Telephone	7,857.84	9,240.53	7,635.07	100%	7,856	8,084	8,319	8,560	8,808
66170 Travel	2,305.29	1,513.92	1,360.65	100%	1,400	1,441	1,482	1,525	1,570
66510 Utilities	4,214.25	4,259.41	4,495.28	100%	4,626	4,760	4,898	5,040	5,186
				100%	0	0	0	0	0
				100%	0	0	0	0	0
				100%	0	0	0	0	0
				100%	0	0	0	0	0
Total Refurbishing and Rebuilding Cost					0	0	0	0	0
Total Operation and Maintenance Expenses:	833,353	919,123	1,053,033		1,083,571	1,114,994	1,147,329	1,180,602	1,214,839

GENERAL & ADMINISTRATIVE EXPENSES	2018	2019	2019	%	2021	2022	2023	2024	2025
Operating Reserve Funding					0	0	0	0	0
Emergency Reserve Funding					0	0	0	0	0
Debt Reserve Funding					0	0	0	0	0
Replacement of Existing Capital Assets					427,536	410,903	410,903	409,382	409,121
Replacement of Funded Project Assets					0	0	0	0	0
Reserves for Additional Capital Assets					0	0	0	0	0
Debt Service					63,000	68,815	68,815	72,884	76,583
Total General and Administrative Expenses:	0	0	0		490,536	479,718	479,718	482,266	485,704
TOTAL EXPENSES	833,353	907,723	1,053,033		1,574,106	1,594,712	1,627,047	1,662,868	1,700,543

SOURCE OF FUNDS / REVENUES RECEIVED									
Sales Revenue (Base + Usage)	1,152,613	1,254,696	1,308,792		1,367,898	1,381,554	1,409,139	1,451,345	1,494,817
New connections	10,386	200	0	100%	0	0	0	0	0
Interest income	144	400	364	100%	374	385	396	408	419
Uncollectable Receivables					-2,736	-2,763	-2,818	-2,903	-2,990
Reconnect/Admin	10,500	8,700	6,330	100%	6,514	6,702	6,897	7,097	7,303
Fees Late/NSF	21,780	23,123	16,198	100%	16,668	17,151	17,649	18,160	18,687
Bulk Sales	167	0	70	100%	72	74	76	78	81
42600 Kern County, 42620,42622, 42623	56,956	58,791	61,727	100%	63,517	65,359	67,255	69,205	71,212
45000 Property Lease	23,134	23,792	24,469	100%	25,179	25,909	26,661	27,434	28,229
43000 CBT-CC	500	500	500	100%	515	529	545	561	577
40014 Administrative Fee Income	29,846	24,109	15,688	100%	16,143	16,611	17,093	17,588	18,098
40012 Credit Card Fee Income	4,731	9,190	5,458	100%	5,616	5,779	5,946	6,119	6,296
48000 grant income	7,805	8,701	6,200	100%	6,380	6,565	6,755	6,951	7,153
				100%	0	0	0	0	0
				100%	0	0	0	0	0
				100%	0	0	0	0	0
				100%	0	0	0	0	0
				100%	0	0	0	0	0
Transfers from outside this enterprise									
TOTAL REVENUE	1,318,561	1,412,202	1,445,796		1,506,139	1,523,856	1,555,593	1,602,044	1,649,883
NET LOSS OR GAIN:	485,208	504,479	392,763		-67,968	-70,856	-71,454	-60,824	-50,660
NET CASH FLOW (Contribution to Reserves)	485,208	504,479	392,763		359,568	340,047	339,449	348,558	358,461
Affordability assuming MHI of \$33281 for residential meters.					2.41%	2.43%	2.48%	2.55%	2.63%
Does the Budget Balance?					No	No	No	No	No
Positive Annual Cash Flow?					Yes	Yes	Yes	Yes	Yes

Current Rates & Fees

Note: Per the Board of Directors, The Water Rates Did Not Increase in 2020.

Frazier Park Public Utility District List of Rates and Fees
 Approved by the Board Effective April 1, 2020

Residential	Monthly Base Rate	New Connection Fee
3/4" meter	\$66.55	\$8,000
1" meter	\$111.32	\$9,000
Business	Monthly Base Rate	New Connection Fee
1" meter	\$111.32	\$10,000
1 1/2" meter	\$221.43	\$11,000
2" meter	\$354.53	\$12,000
3" meter	\$701.80	\$13,000
4" meter	\$1101.10	\$13,000
6" meter	\$2216.72	\$14,000
Water Consumption fee	\$2.36 per 100 cubic feet of water (Equivalent of \$3.15 per 1,000 gallons)	
Late Charge	10% of amount billed at the first of the month	
Returned Check Fee	\$35	
Ownership Transfer Fee	\$50	
48-hour Notice Posting Fee	\$25	
Owner-Tenant Reconnection Request Fee	\$100	
Reconnect for Non-Payment Fee	\$15	

Late Charge	10% of amount billed at the first of the month	
Returned Check Fee		\$35
Ownership Transfer Fee		\$50
Disconnect Notice Posting Fee		\$25
Owner-Tenant Reconnection Request Fee		\$100
Reconnect for Non-Payment Fee		\$15
Service Update from 3/4" to 1"		\$1,000
In Office Credit Card Fee		\$1.50
Online Credit Card Fee	1% plus \$.80	
Automated Phone Line Credit Card Fee	1% plus \$.80	
Convenience Fee to Turn on Water During Regular Business Hours (8am - 5pm Monday through Thursday)		\$20
Convenience Fee to Turn off Water During Regular Business Hours (8am - 5pm Monday through Thursday)		\$20
Convenience Fee for After Hours / Weekends Turn On Water		\$100
Convenience Fee for After Hours / Weekends Turn Off Water		\$100
3 Days Activation and Lock off (Locked off Accounts)		\$100
7 Year Abandonment Reconnection Fee (Note: For three inch and larger meter service \$750 plus materials: meter and or shut off valve)		\$750
Emergency Shut Off to avoid further damage to personal property (any time)	No charge	
Will Serve Deposit, If entire New Connection fee is paid within six months from date of application, the deposit will be deducted from the Connection Fee.		\$200
Cutting Off Locks/curb stops/valves/Vandalism (Minutes of October 12, 2004) per CA Penal Code 498 (stealing water) and/or 594 (vandalism)	\$200 each occurrence	
Stand-By Fee Collected via Kern County Tax Assessor's Office, for any unimproved properties without service or property with service locked off for more than 6 months. Per government code section 54984	\$5 per parcel per year	

Exhibit 6 Fixed vs Variable Expenses

	5-Year Average	% Fixed	\$ Fixed	\$ Variable
OPERATIONS & MAINTENANCE EXPENSES				
50000' Prop 218 Expenses	0	0%	0	0
50003 . FPPUD/LOW Planning Grant	7,960	0%	0	7,960
51022 . Operations-Pump Power Electrica	54,040	5%	2,702	51,338
51023 . Uniforms-Mats-Towels Expense	4,543	100%	4,543	0
51025 . Distribution System Maintenance	230,175	75%	172,631	57,544
51026 .Tools Expense	3,213	50%	1,606	1,606
51032 .Fuel - Vehicle & Equipment	10,880	75%	8,160	2,720
5'1081 . Environmental Fees	1,012	100%	1,012	0
51082 - Testing & Lab Fees	10,585	100%	10,585	0
52021 . Equipment Rental	1,833	100%	1,833	0
52110 Maintenance & Repairs	53,523	100%	53,523	0
60011 .Wages - Admin-Managerial	1,984	80%	1,587	397
60012 .Wages - Admin-Other Staff	65,082	80%	52,066	13,016
60021 . Wages - Operations-Managerial	92,184	80%	73,747	18,437
60022' Wages - Operations-Other Staff	149,098	80%	119,278	29,820
60101 .Payroll Tax Expense - Federal	25,135	80%	20,108	5,027
60102 . Payroll Tax Expense - State	2,115	80%	1,692	423
60140 . Employee Mileage Reimbursement	164	100%	164	0
60150 Payroll Check Processing Fees	6,603	100%	6,603	0
60160 . Employee Hiring Expenses	1,989	100%	1,989	0
60200 . Employee Benefits	153,417	100%	153,417	0
61005 .Advertising	649	100%	649	0
61007 . Bad Debt Expense	1,974	100%	1,974	0
61010 . Bank Fees	287	100%	287	0
61014 . Directors' Fees	9,341	100%	9,341	0
61015 ' Dues	11,642	100%	11,642	0
62020 'Education & Training	3,132	100%	3,132	0
63560 . Insurance	31,732	100%	31,732	0
63640 . Interest Expense	105,272	100%	105,272	0
63700 . License, Fees, & Permits64100 . Meetir	4,380	100%	4,380	0
64100 . Meetings Expenses	868	100%	868	0
64110 . Merchant Credit Card Fees	7,027	100%	7,027	0
64710 'Office Expense	14,026	100%	14,026	0
64715'Office Supplies	7,224	100%	7,224	0
65005 ' Postage/FedEx	7,986	100%	7,986	0
65008'Printing	94	100%	94	0
65010 . Professional Services	50,722	100%	50,722	0
65020 . Property Taxes	96	100%	96	0
65025 . Publications	0	100%	0	0
66000 . Security Monitoring Expense	1,570	100%	1,570	0
66010 - Telephone	8,326	100%	8,326	0
66170 . Travel	1,484	100%	1,484	0
66510 . Utilities	4,902	100%	4,902	0
0	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
Total Refurbishing and Rebuilding Cost	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
0	0	100%	0	0
Total Operation and Maintenance Expenses:	1,148,267		959,980	188,287

GENERAL & ADMINISTRATIVE EXPENSES				
Operating Reserve Funding	0	50%	0	0
Emergency Reserve Funding	0	50%	0	0
Debt Reserve Funding	0	100%	0	0
Replacement of Existing Capital Assets	413,569	50%	206,784	206,784
Replacement of Funded Project Assets	0	100%	0	0
Reserves for Additional Capital Assets	0	100%	0	0
Debt Service	70,020	100%	70,020	0
0	0	10%	0	0
0	0	100%	0	0
0	0	100%	0	0
Total General and Administrative Expenses:	483,588		276,804	206,784
Total All Expenses				
Total All Expenses	1,631,855		1,236,784	395,072
Fixed-Variable as % of all Expenses			76%	24%

Exhibit 7 a

Sample Reserve Policy a (Version 11-30-18)

Purpose

This policy aims to ensure that:

- The “Reserves” are used for their intended purposes,
- Procedures are set up to transfer funds to/from the “Reserve” accounts.

AWWA Reserves

In M1 Principles of Water Rates, ed5, page 13, AWWA identifies four reserve types: Debt-, Operating-, Emergency-, and Capital Reserves.

Each enterprise will have its own four reserve accounts.

Debt Reserve

An amount to be set aside as per the agreement between the lender and the borrower.

Operating Reserve

An amount set aside in the operating account to provide working capital. An amount equal to the total expenses over a period of one and a half billing cycle is usually considered an appropriate level. These funds must remain liquid and are usually deposited in a checking account.

Emergency Reserve

An amount set aside for emergencies—not routine maintenance, refurbishing or capital replacement. These funds must be accessible within a few working days and are usually deposited in a savings account. AWWA recommends an emergency reserve amount equal to the cost of the most expensive critical equipment that may fail. These funds must remain liquid and are usually deposited in a savings account.

Capital Reserve

An amount set aside for the future replacement of worn-out equipment. The amount of required capital reserves is usually determined by the Capital Asset Replacement program. These funds can be invested with longer-term maturities, who coincide with the cash requirements of the Capital Asset Replacement Program.

Transfers to Reserves

The district shall keep distinct accounting accounts for each of the four reserve types (debt, operating, emergency, and capital). However, the time horizon for Debt Reserve is very long (i.e., a longterm CD). For Emergency Reserve the time horizon is very short (i.e., a savings account). The time horizon for Capital Reserve depends on the projects coming up (i.e., a ladder of CDs).

On the accounting books, the district shall have accounts, identifying the four reserve accounts. Each quarter the accounting staff shall determine the excess cash generated by each enterprise (i.e.

water, sewer, solid waste, electricity, etc.). This amount shall be determined by subtracting all items paid from the revenue collected, including any transfers from the reserve accounts, as described in the section below.

Reserve Targets

The targets for each of the reserve accounts will be determined by the most recent rate study.

Allocation Schedule

This excess cash shall be deposited in the reserve account, in the following order:

1. Any shortfall in the Operating Reserve account
2. Any shortage in the Debt Reserve account
3. Any shortage in the Emergency account
4. The remaining will be deposited in the Capital Reserve account for that CSA.

The District's staff shall report all transactions and the balance in the four reserve accounts to the Board on a quarterly basis.

Transfers from Reserves

Funds in the reserve accounts will not be used for any other purpose than they were intended as set forth above unless approved by the Board. No funds will be transferred between enterprises.

Debt Reserve

Can only be transferred when the associated debt is paid off or the lender authorizes a reduction in Debt Reserve. At that time the Debt Reserve is returned to the operating account and redistributed according to the Allocation Schedule above.

Emergency Reserve

Funds in the Emergency Reserve can only be transferred for emergency purposes. Emergencies are limited to disasters, drought, fire, or any other unforeseeable event. The funds are not to be used for operating capital, pay debts, pay for capital improvements or replacements, maintenance or any other foreseeable event.

Capital Reserve

Funds in the Capital Reserve account can only be transferred for capital replacement projects for that enterprise. The funds are not to be used for operating capital, refurbishing, pay debts or for emergencies.

Exhibit 7 b

B, Frazier Park Public Utility District Policy's:



FRAZIER PARK PUBLIC UTILITY DISTRICT

P.O. BOX 1525, FRAZIER PARK, CA 93225

TELEPHONE: 661-245-3734 FAX: 661-245-3472

www.frazierparkwater.com



September 13, 2018

**Financial Policy for Budget Control, Financial Reports, Reserve Accounts,
Reporting and Periodic Reviews.**

1. Budget Control:

- A. Cash Receipts and Disbursements - The Billing Clerk reports all customer payments received, through the RVS billing system. All cash and checks received are deposited daily into the appropriate bank account. All bills paid by check against the District shall first be approved by the Board. Checks or drafts of the District must be signed by two (2) Directors listed as signers on the account for amounts totaling three thousand dollars (\$3,000.00) and under; and any three (3) named Directors' signatures are required for amounts totaling over three thousand dollars (\$3,000.00), with the exception of bills paid by credit card, as approved by the Board.
- B. Bank Accounts - All access to bank accounts is limited. Those given access must be approved by the Board through a Resolution that is provided to the bank.
- C. Payroll - Hours worked by employees are logged through fingerprint and recorded by a timeclock and computer. That information is accessed by the General Manager only and submitted for payroll through ADP.

2. Financial Reports:

All reports are prepared by the Bookkeeper and Billing Clerk, and distributed to the Board for review monthly at the Regular Meeting scheduled on the second Thursday of the month.

- A. Balance Sheet - Tracks the cash and cash equivalents in all District bank accounts (currently 12), petty cash, accounts receivable, current assets, fixed assets, equipment, liabilities and equity.
- B. Profit & Loss Statement - Included is a year to date comparison, budget vs. actual, and a monthly statement.

Special District since 1939 – Serving Water to the Frazier Park Community



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- C. Adjusting Journal Entries Report - This tracks payroll and billing totals from RVS, for tracking through Quickbooks.
 - D. Systems Total Report - Generated through the RVS billing system, this provides totals for water pumped, water sold, water used for fires or flushing, and water loss in total and percentage. Also included in this report is a reconciliation of receivables, adjustments and deposits.
 - E. Rate Code Report - Generated through the RVS billing system, this provides information on the number of meters billed and water usage totals, broken down by rate code.
 - F. Adjustments Report - Generated through the RVS billing system, this report shows any adjustments to accounts for both credits and fees.
 - G. Detailed General Ledger - A detailed report of every transaction that occurred during the month, recorded through Quickbooks.
 - H. Reconciliation Summary - This report reconciles the transactions in the detailed general ledger, to the balances and transactions recorded in the statements sent by the bank. There is a summary for each of the Districts bank accounts (currently 12).
- 3. Maintenance Guidelines for Reserve Accounts:**
- A. USDA Reserve Account for Loans 1 and 2 - These accounts were created per the USDA loan bond requirements. Accrual is specified. Once the reserve requirements are met, the amount is held as collateral until the loan is paid.
 - B. USDA Replacement Fund - This account was created per contract requirements with the USDA. In order to withdraw funds from this account, prior approval must be given from the USDA. This is for repair or replacement of the parts of the system paid for through USDA loans.

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- C. Capital Replacement Reserve Account - This account is used for repairs and upgrades to the existing distribution system. The Board of Directors may authorize use of capital reserves during the budget process. Capital reserves are also available for unplanned (unbudgeted) capital replacement. Authorization for the use of capital reserves for unplanned capital replacement will be consistent with the current resolution for district banking and Board policy.
- D. Emergency Reserve Account - This account is recently established and will be funded at a minimum of twice a year, in November and May. It is used for unplanned repairs to the water system that are serious enough to cause a disruption in service to customers. Authorization for the use of emergency reserves for unplanned repairs or replacement will be consistent with the current resolution for district banking and Board policy.

4. Procedure for Monitoring Reserve Levels:

The Bookkeeper shall perform account reconciliations and provide a report to be submitted to the Board of Directors upon the occurrence of the following events:

- Monthly meetings of the Board of Directors held the second Thursday of every month.
- Board of Directors' deliberation of the annual budget;
- Board of Directors' deliberation of a service charge rate increase.

5. Reporting Procedures:

The Billing Clerk deposits monies to the appropriate accounts. The Bookkeeper reviews and posts the deposits to make sure they were deposited correctly. The Board reviews and approves all statements and reconciliations monthly. An independent auditor reviews all transactions at year end in preparation of the annual audit report.

6. Periodic Reviews by Certified Accountant:

All financial transactions are reviewed annually by an independent accounting firm. A completed Audited Financial Statements and a report with significant audit findings are given.

Special District since 1939 – Serving Water to the Frazier Park Community



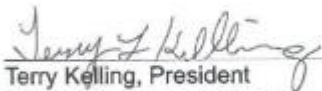
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Terry Kelling, President
FPPUD Board of Directors

Seal

Special District since 1939 – Serving Water to the Frazier Park Community

Exhibit 8

Sample Resolution

Frazier Park Public Utility District

RESOLUTION 2022-()

Resolution to Proceed with the Rate Study 2021

BE IT RESOLVED that the Board of Directors of the Frazier Park utility District hereby adopted a resolution to proceed with the following list of recommendations presented with the Water Rate Study completed by Rural Community Assistance Corporation (RCAC) which were presented at the January 27, 2022, Board of Directors Meeting:

1. The Board selects the rates as presented and discussed at the January 27, 2022, regular meeting of The Board of Directors.
2. The effective date of the approved rate increase is (Date).
3. The Board instructs staff to create a Public Notice document, in compliance with Prop 218 which is mailed to all property owners of record in the Frazier Park Public Utility District as provided by the Assessor's Office County of Kern.
4. Information to be included in the Public Notice includes proposed new rates, when the new rates would take effect, how property owners or water customers can protest the rate increase, what the time frame for protests is, and when the public meeting for protest is scheduled.
5. Set the date by which the protest letters must be received which is by (date).
6. The Board instructs staff to mail out the Public Notice to all property owners in the District postmarked on or before (Date).

THIS RESOLUTION PASSED AND ADOPTED THIS ()TH Day of () 2022 by the following vote:

AYES:

NAYES:

ABSENT:

(name),

Frazier Park Public Utility District Board President

Attested by (name),

Secretary to the Board

Exhibit 9

Sample

Proposition 218 Notification

Notice of Public Hearing

Water Rate Adjustment

Hearing Date and Time: Day, Month and Date, 2022, Time.

Hearing Location: Address, City, CA Zip

This letter is to advise you that the Frazier Park Public Utility District is proposing a water rate adjustment for all users of the Frazier Park Public Utility District water system. The proposal will be considered by the Board of Directors at a Public Hearing on Day, Month and Date, 2022, Time at Address, City, CA Zip. You are receiving this notice in compliance with the California Proposition 218 requirement that all impacted property owners be mailed a notice of proposed rate changes at least 45 days prior to a public hearing. Please note: a prior letter was mailed out in (month) from the district giving ample notice of the (Month) hearing.

If you have any questions regarding this notice, please call Frazier Park Public Utility District District Monday through Friday, between the hours of 9:00am – 4:00pm at (Phone number)

BASIS OF PROPOSED RATE ADJUSTMENT

Frazier Park Public Utility District is required by State law and Board policy to collect revenues sufficient to fund current and future costs of operating, maintaining, and administering the existing water facilities as well as to fund the capital improvements and infrastructure replacement program. These revenues allow the Frazier Park Public Utility District to protect public health and safety and to reliably convey and treat water. By State law, Frazier Park Public Utility District may not collect more revenue than is necessary to recover the costs of providing services. The proposed rates were developed through a comprehensive Water Rate Study designed to meet all legal requirements and fairly and equitably recover the required revenue. The Water Rate Study, which provides a detailed explanation of the projected inflationary impact on operating costs, was prepared by Rural Community Assistance Corporation (RCAC) and is available for review by contacting the Frazier Park Public Utility District at (Name), board member’s email address: (email)

WHY Frazier Park Public Utility District’s WATER RATE MUST BE ADJUSTED

Customer rates are the primary source of revenue to operate the Frazier Park Public Utility District water system. These rates generate the revenue to operate the system and invest in necessary upgrades.

Despite the continuing increase in costs to operate the water system, Frazier Park Public Utility District has not adjusted water rates since 2018, resulting in operating losses. To continue Frazier Park Public Utility District long tradition of providing reliable water services to our customers, rate increases are necessary to cover increasing operational costs and save for future system replacements and improvements.

WHAT STEPS DID Frazier Park Public Utility District TAKE TO REDUCE COST BEFORE CONSIDERING INCREASING CUSTOMER RATES?

Frazier Park Public Utility District conducted a comprehensive line by line review of the budgetary expenditures to maximize available resources and reduce operational costs to a minimum. Some of the cost cutting measures included reallocating qualifying repairs and maintenance expenses to be paid from the Capital Improvement Reserve Account and a comprehensive evaluation of general overhead expenses.

RATE ADJUSTMENT HEARING PROCEDURE

All property owners, water customers of Frazier Park Public Utility District and other interested persons are invited to attend the hearing and present written and/or oral comments. As an owner or water customer of record of a parcel subject to the imposition of the proposed rate adjustments, you may submit a written protest against the proposed rate changes. Only one written protest will be counted per identified parcel.

Written protests must include:

- Your signature and date
- Your name typed or printed under the signature
- The assessor's parcel number or street address of the property; and
- An affirmation that you are the owner or water customer of record of the property
- Only one protest will be allowed per parcel

Written protests will not be accepted by e-mail or fax. Verbal protests will not be counted. Protests must be received (not postmarked) prior to the close of the public hearing. Written protests may be submitted to:

Submitted by Mail

()

Frazier Park Public Utility District, after the close of the public hearing and provided that written protests from a majority of properties subject to the increased rates has not been received, will adopt the rates. The rates will not exceed the increases set forth herein. The adoption may not take place at the Month day, 2022, meeting if time is needed to verify and count the letters of protest. It may occur at a subsequent board meeting.

PROPOSED MONTHLY RATE SCHEDULE

The water base rate will be increased as set forth on the following table beginning on Month day, 2022 and will increase by 1%. The final adjustment under this schedule will be implemented no later than Month day, 2025. Any subsequent rate adjustments that increase rates will be subject to a Proposition 218 hearing.

ROPOSED MONTHLY RATE SCHEDULES

The Frazier Park Public Utility District Board elected to not start proposed base rate increases until the second year of the rate study 2022.

		2021	2022	2023	2024	2025
Residential	Current Monthly Base Rate					
		Year 1	Year 2	Year 3	Year 4	Year 5
	3/4" meter	\$66.55	\$67.22	\$68.56	\$70.62	\$72.74
	1" meter	\$111.32	\$112.43	\$114.68	\$118.12	\$121.67
	% of increase	0%	1%	2%	3%	3%
Business	Current Monthly Base Rate					
		Year 1	Year 2	Year 3	Year 4	Year 5
	3/4" meter	\$66.55	\$67.22	\$68.56	\$70.62	\$72.74
	1" meter	\$111.32	\$112.43	\$114.68	\$118.12	\$121.67
	1 1/2" meter	\$221.43	\$223.64	\$228.12	\$234.96	\$242.01
	2" meter	\$354.53	\$358.08	\$365.24	\$376.19	\$387.48
	3" meter	\$701.80	\$708.82	\$722.99	\$744.68	\$767.02
	4" meter	\$1,101.10	\$1,112.11	\$1,134.35	\$1,168.38	\$1,203.44
	6" meter	\$2,216.72	\$2,238.89	\$2,283.66	\$2,352.17	\$2,422.74
	% of increase	0%	1%	2%	3%	3%
Water Consumption fee for both Residential and Business:	\$2.36 per 100 cubic feet of water (Equivalent of \$3.15 per 1,000 gallons)	\$2.36 per 100 cubic feet of water (Equivalent of \$3.15 per 1,000 gallons)	\$2.36 per 100 cubic feet of water (Equivalent of \$3.15 per 1,000 gallons)	\$2.36 per 100 cubic feet of water (Equivalent of \$3.15 per 1,000 gallons)	\$2.36 per 100 cubic feet of water (Equivalent of \$3.15 per 1,000 gallons)	\$2.36 per 100 cubic feet of water (Equivalent of \$3.15 per 1,000 gallons)
	% of increase	0%	0%	0%	0%	0%

Proposed new Fee for 2022 and Cost of living adjustment each year after till 2025 using the consumer price index		
Late Charge		10% of amount billed at the first of the month
Returned Check Fee		\$35.00
Ownership Transfer Fee		\$50.00
Disconnect Notice Posting Fee		\$25.00
Owner-Tenant Reconnection Request Fee		\$100.00
Reconnect for Non-Payment Fee		\$30.00
Service Update from 3/4" to 1"		\$2,635.00
In Office Credit Card Fee		\$1.50
Online Credit Card Fee		1% plus \$.80
Automated Phone Line Credit Card Fee		1% plus \$.80
Convenience Fee to Turn on Water During Regular Business Hours (8am - 5pm Monday through Thursday)		\$24.00
Convenience Fee to Turn off Water During Regular Business Hours (8am - 5pm Monday through Thursday)		\$24.00
Convenience Fee for After Hours / Weekends Turn On Water		\$155.50
Convenience Fee for After Hours / Weekends Turn Off Water		\$155.50
3 Days Activation and Lock off (Lock Off)		\$100.00
7 Year Abandonment Reconnection Fee	Meter size 3/4 inch	\$750
	Meter size 1 inch	\$926
	Meter size 1 1/2 inch	\$1,874
	Meter size 2 inch	\$2,217
	Meter size 3,4,6 inch	(Note: For three inch and larger meter service \$750 plus materials: meter and or shut off valve)
Emergency Shut Off to avoid further damage to personal property (any time)		No charge
Will Serve Deposit, If entire New Connection Fee is paid within six months from date of application, the deposit will be deducted from the Connection Fee.		\$200.00
Cutting Off Locks/curb stops/valves/Vandalism (Minutes of October 12, 2004) per CA Penal Code 498 (stealing water) and/or 594 (vandalism)		\$321.00
Stand-By Fee Collected via Kern County Tax Assessor's Office, for any unimproved properties without service or property with service locked off for more than 6 months. Per government code section 54984		\$5.00

	Current Fees		Proposed new Fees
Late Charge	10% of amount billed at the first of the month		10% of amount billed at the first of the month
Returned Check Fee	\$35		\$35.00
Ownership Transfer Fee	\$50		\$50.00
Disconnect Notice Posting Fee	\$25		\$25.00
Owner-Tenant Reconnection Request Fee	\$100		\$100.00
Reconnect for Non-Payment Fee	\$15		\$30.00
Service Update from 3/4" to 1"	\$1,000		\$2,635.00
In Office Credit Card Fee	\$1.50		\$1.50
Online Credit Card Fee	1% plus \$.80		1% plus \$.80
Automated Phone Line Credit Card Fee	1% plus \$.80		1% plus \$.80
Convenience Fee to Turn on Water During Regular Business Hours (8am - 5pm Monday through Thursday)	\$20		\$24.00
Convenience Fee to Turn off Water During Regular Business Hours (8am - 5pm Monday through Thursday)	\$20		\$24.00
Convenience Fee for After Hours / Weekends Turn On Water	\$100		\$155.50
Convenience Fee for After Hours / Weekends Turn Off Water	\$100		\$155.50
3 Days Activation and Lock off (Lock Off)	\$100		\$100.00
7 Year Abandonment Reconnection Fee	\$750		\$750
		Meter size 3/4 inch	
		Meter size 1 inch	\$926
		Meter size 1 1/2 inch	\$1,874
		Meter size 2 inch	\$2,217
		Meter size = to/or > 3 inch	(Note: For three inch and larger meter service \$750 plus materials:meter and or shut off valve)
Emergency Shut Off to avoid further damage to personal property (any time)	No charge		No charge
Will Serve Deposit, If entire New Connection fee is paid within six months from date of application, the deposit will be deducted from the Connection Fee.	\$200		\$200.00
Cutting Off Locks/curb stops/valves/Vandalism (Minutes of October 12, 2004) per CA Penal Code 498 (stealing water) and/or 594 (vandalism)	\$200 each occurrence		\$321.00
Stand-By Fee Collected via Kern County Tax Assessor's Office, for any unimproved properties without service or property with service locked off for more than 6 months.Per government code section 54984	\$5 per parcel per year		\$5.00

In an effort to provide transparency, information will be available from the board at Frazier Park Public Utility District at (). Questions can be directed to RCAC David Hossli, Rural Development Specialist at (805) 354-3672 or dhossli@rcac.org

Exhibit 11

Proposition 218 Certification

CALIFORNIA CONSTITUTION

ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SECTION 1. Definitions. As used in this article:

- (a) "General tax" means any tax imposed for general governmental purposes.
- (b) "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.
- (c) "Special district" means an agency of the State, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.
- (d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

CALIFORNIA CONSTITUTION

ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SEC. 2. Local Government Tax Limitation. Notwithstanding any other provision of this Constitution:

- (a) All taxes imposed by any local government shall be deemed to be either general taxes or special taxes. Special purpose districts or agencies, including school districts, shall have no power to levy general taxes.
- (b) No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.
- (c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held within two years of the effective date of this article and in compliance with subdivision (b).
- (d) No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

CALIFORNIA CONSTITUTION

ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SEC. 3. Initiative Power for Local Taxes, Assessments, Fees and Charges.

Notwithstanding any other provision of this Constitution, including, but not

limited to, Sections 8 and 9 of Article II, the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SECTION 1. Application. Notwithstanding any other provision of law, the provisions of this article shall apply to all assessments, fees and charges, whether imposed pursuant to state statute or local government charter authority. Nothing in this article or Article XIIC shall be construed to:

- (a) Provide any new authority to any agency to impose a tax, assessment, fee, or charge.
- (b) Affect existing laws relating to the imposition of fees or charges as a condition of property development.
- (c) Affect existing laws relating to the imposition of timber yield taxes.

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 2. Definitions. As used in this article:

- (a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIIC.
- (b) "Assessment" means any levy or charge upon real property by an agency for a special benefit conferred upon the real property. "Assessment" includes, but is not limited to, "special assessment," "benefit assessment," "maintenance assessment" and "special assessment tax."
- (c) "Capital cost" means the cost of acquisition, installation, construction, reconstruction, or replacement of a permanent public improvement by an agency.
- (d) "District" means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service.
- (e) "Fee" or "charge" means any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.
- (f) "Maintenance and operation expenses" means the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care, and supervision necessary to properly operate and maintain a permanent public improvement.
- (g) "Property ownership" shall be deemed to include tenancies of real property where tenants are directly liable to pay the assessment, fee, or

charge in question.

(h) "Property-related service" means a public service having a direct relationship to property ownership.

(i) "Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 3. Property Taxes, Assessments, Fees and Charges Limited. (a) No tax, assessment, fee, or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax imposed pursuant to Article XIII and Article XIII A.

(2) Any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A.

(3) Assessments as provided by this article.

(4) Fees or charges for property related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 4. Procedures and Requirements for All Assessments. (a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.

(c) The amount of the proposed assessment for each identified parcel shall

be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return, and tabulation of the ballots required pursuant to subdivision (d), including a disclosure statement that the existence of a majority protest, as defined in subdivision (e), will result in the assessment not being imposed.

(d) Each notice mailed to owners of identified parcels within the district pursuant to subdivision (c) shall contain a ballot which includes the agency's address for receipt of the ballot once completed by any owner receiving the notice whereby the owner may indicate his or her name, reasonable identification of the parcel, and his or her support or opposition to the proposed assessment.

(e) The agency shall conduct a public hearing upon the proposed assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel. At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

(f) In any legal action contesting the validity of any assessment, the burden shall be on the agency to demonstrate that the property or properties in question receive a special benefit over and above the benefits conferred on the public at large and that the amount of any contested assessment is proportional to, and no greater than, the benefits conferred on the property or properties in question.

(g) Because only special benefits are assessable, electors residing within the district who do not own property within the district shall not be deemed under this Constitution to have been deprived of the right to vote for any assessment. If a court determines that the Constitution of the United States or other federal law requires otherwise, the assessment shall not be imposed unless approved by a two-thirds vote of the electorate in the district in addition to being approved by the property owners as required by subdivision (e).

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 5. Effective Date. Pursuant to subdivision (a) of Section 10 of

Article II, the provisions of this article shall become effective the day after the election unless otherwise provided. Beginning July 1, 1997, all existing, new, or increased assessments shall comply with this article. Notwithstanding the foregoing, the following assessments existing on the effective date of this article shall be exempt from the procedures and approval process set forth in Section 4:

(a) Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(b) Any assessment imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(c) Any assessment the proceeds of which are exclusively used to repay bonded indebtedness of which the failure to pay would violate the Contract Impairment Clause of the Constitution of the United States.

(d) Any assessment which previously received majority voter approval from the voters voting in an election on the issue of the assessment. Subsequent increases in those assessments shall be subject to the procedures and approval process set forth in Section 4.

CALIFORNIA CONSTITUTION

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 6. Property Related Fees and Charges. (a) Procedures for New or

Increased Fees and Charges. An agency shall follow the procedures pursuant

to this section in imposing or increasing any fee or charge as defined

pursuant to this article, including, but not limited to, the following: (1) The parcels upon which a fee or charge is proposed for imposition

shall be identified. The amount of the fee or charge proposed to be imposed

upon each parcel shall be calculated. The agency shall provide written

notice by mail of the proposed fee or charge to the record owner of each

identified parcel upon which the fee or charge is proposed for imposition,

the amount of the fee or charge proposed to be imposed upon each, the basis

upon which the amount of the proposed fee or charge was calculated, the

reason for the fee or charge, together with the date, time, and location of a

public hearing on the proposed fee or charge.

(2) The agency shall conduct a public hearing upon the proposed fee or

charge not less than 45 days after mailing the notice of the proposed fee or

charge to the record owners of each identified parcel upon which the fee or

charge is proposed for imposition. At the public hearing, the agency shall

consider all protests against the proposed fee or charge. If written

protests against the proposed fee or charge are presented by a majority of

owners of the identified parcels, the agency shall not impose the fee or

charge.

(b) Requirements for Existing, New or Increased Fees and Charges a fee or charge shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

(1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

(4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.

(5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Reliance by an agency on any parcel map, including, but not limited to, an assessor's parcel map, may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership for purposes of this article. In any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance with this article.

(c) Voter Approval for New or Increased Fees and Charges. Except for fees or charges for sewer, water, and refuse collection services, no property related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge or, at the option of the agency, by a two-thirds vote of the electorate residing in the affected area. The election shall be conducted not less than 45 days after the public hearing. An agency may adopt procedures similar to those for increases in assessments in the conduct of elections under this subdivision.

(d) Beginning July 1, 1997, all fees or charges shall comply with this section