

**RESOLUTION NO. 23-29**

**A RESOLUTION OF TAHOE CITY PUBLIC UTILITY DISTRICT  
ADOPTING THE HDR 2023 INFRASTRUCTURE IMPROVEMENT CHARGE RATE STUDY FOR  
CUSTOMERS IN  
THE TAHOE CEDARS AND MADDEN CREEK WATER SERVICE AREAS**

**WHEREAS**, in 2018, the Tahoe City Public Utility District (District) acquired Mid-Sierra Water Utility, a private, investor-owned water company which owned and operated the Tahoe Cedars and Madden Creek water systems, and in 2021 the District's Board of Directors (Board) adopted the Tahoe Cedars and Madden Creek Water System Master Plans, which recommended the full reconstruction of both systems; and,

**WHEREAS**, the magnitude of the estimated costs of the full reconstruction of both systems led the Board to undertake a long-term financial planning process that culminated in a decision by the Board to pursue long-term debt financing as the source of funding for the Tahoe Cedars and Madden Creek water system reconstruction projects; and,

**WHEREAS**, based on the long-term financial planning process, the Board has determined that it needs to secure additional revenue because the current water system sources of revenue will not generate sufficient revenue for the District to fund, nor to secure long-term debt financing for the Tahoe Cedars and Madden Creek water system reconstruction projects; and,

**WHEREAS**, the voters of the State of California in 1996, approved Proposition 218, adding articles XIIC and XIID to the California Constitution; and,

**WHEREAS**, the California Constitution, Article XIID, sections 6(b)(1)-(5) imposes five substantive requirements on fees for a property-related service including water and sewer service fees; and,

**WHEREAS**, the Proposition 218 Omnibus Implementation Act was revised to add California Government Code section 53750.5 which became effective in 2021 and provides that fees or charges for property-related water service imposed pursuant to Section 6 of Article XIID of the California Constitution may include costs to construct, maintain, repair, or replace hydrants and other infrastructure used to distribute water that aids in the protection of property from fire, including adequately sized water lines, as needed or consistent with applicable fire codes and industry standards and that such fee or charge may be fixed and collected as a separate fee or charge; and,

**WHEREAS**, the District's Board, following best practices, commissioned HDR Engineering, Inc. (HDR) to conduct an independent review of the incremental costs of upsizing water pipelines and adding fire hydrants to the Tahoe Cedars and Madden Creek water system reconstruction projects from the systems' current sizing to a size/capacity that would meet modern fire suppression standards, and to develop a 30-year Infrastructure Improvement Charge that meets the requirements of Article XIID, sections 6(b)(1)-(5), and prepare a rate study; and,

**WHEREAS**, HDR has prepared the 2023 Infrastructure Improvement Charge Rate Study (Rate Study) dated October 2023 and presented the results of the Rate Study to the Board in public meetings held on July 26, 2023, and August 18, 2023; and,

**WHEREAS**, on August 18, 2023, the Board directed the initiation of the Proposition 218 rate setting process requirements including: mailing to all property owners of the proposed rates, information on the

protest process, placing the Rate Study on the website for public review, and setting the Public Hearing; and,

**WHEREAS**, at the District Board meeting of October 20, 2023, the Board held a public hearing on the proposed Infrastructure Improvement Charge, and received and considered public comment on the Rate Study; and,

**WHEREAS**, the District did not receive protests to the proposed Infrastructure Improvement Charge from a majority of the affected property owners or tenants; and,

**WHEREAS**, the Infrastructure Improvement Charge represents a secured source of revenue that will be designated for and will only be used to pay expenses related to the design and/or construction of the Tahoe Cedars and Madden Creek water system reconstruction projects, including any direct costs or debt service payments related to the projects; and,

**WHEREAS**, the Infrastructure Improvement Charge was not intended to and does not fund the full costs of the Tahoe Cedars and Madden Creek water system reconstruction projects and the District will use additional sources of revenue, including general water rate revenue and property tax revenue to fund the projects.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF TAHOE CITY PUBLIC UTILITY DISTRICT HEREBY RESOLVES AS FOLLOWS:**

- 1) That the above recitations are true and correct.
- 2) The 2023 Infrastructure Improvement Charge Rate Study is adopted as presented.

**PASSED AND ADOPTED** on the 20th day of October 2023, at a regular meeting of the Board of Directors of the Tahoe City Public Utility District by the following vote:

AYES:	Pang, Scoville, Friedman, Beals, Wilkins
NOES:	None
ABSENT:	None
ABSTAINING:	None

**TAHOE CITY PUBLIC UTILITY DISTRICT**

BY:

ATTEST:

\_\_\_\_\_  
Dan Wilkins, President

\_\_\_\_\_  
Terri Viehmann, District Clerk