

**ORDINANCE NO. 1429.4**  
**AN ORDINANCE OF THE COACHELLA VALLEY WATER DISTRICT**  
**BOARD OF DIRECTORS AUTHORIZING THE RATES FOR CANAL WATER**  
**SERVICE CHARGES FOR CONSTRUCTION METERS**

**WHEREAS**, the Coachella Valley Water District (“District”) is organized and operates pursuant to the County Water District Law (Water Code section 30000, et seq.); and

**WHEREAS**, the District is authorized to acquire, construct, and operate facilities to furnish water, and fix and collect charges for the sale and distribution of water and the provision of such services pursuant to Water Code sections 31000, 31001, 31007, 31020, and 31025; and

**WHEREAS**, the District operates the Coachella Canal, a 123-mile aqueduct that conveys Colorado River water via All-American Canal (“canal water”) to certain properties within the District; and

**WHEREAS**, the District also makes canal water available upon request to persons who request water for construction purposes (“construction customers”), subject to the payment of canal water service charges (referred to herein as “canal water service charges for construction meters”); and

**WHEREAS**, to evaluate the costs to the District of providing canal water services, the District engaged an independent consultant to evaluate the District’s financial plan and revenue requirements for the ensuing five fiscal years and prepare a report recommending proposed rates for the charges to be imposed for canal water services (the “Rate Report”); and

**WHEREAS**, based on that analysis and Rate Report, the District has determined to adjust the rate structure and increase the rates for the canal water service charges to enable it to: recover current and projected increases in the costs of operations and maintenance, including, capital infrastructure improvements (e.g., gate and pumping infrastructure), energy cost increases, personnel costs, supplies and services, equipment, and quagga mussel mitigation and regulation; comply with State and Federal mandated regulatory requirements; avoid operational deficits and depletion of reserves; and operate the utility in a financially prudent manner; and

**WHEREAS**, the District is proposing to adopt the rates for canal water service charges for construction meters effective August 1, 2021, in accordance with the Schedule of Canal Water Service Charges for Construction Meters set forth in Exhibit A, attached hereto and by this reference incorporated herein; and

**WHEREAS**, the rate structure for the District’s canal water service charges imposed on property has two customer classes—Class 1 and Class 2; and

**WHEREAS**, the rate structure for the District’s canal water service charges for construction meters is comprised of a Volumetric Charge; and

**WHEREAS**, the Volumetric Charge is a variable charge that is comprised of three components imposed on a dollar per acre foot (“AF”) basis. The three components are: (1) a Commodity Charge; (2) a Water Supply Surcharge; and (3) a Quagga Mussel Mitigation Surcharge; and

**WHEREAS**, the Commodity Charge is designed to recover costs for basic canal water service, such as operation costs, customer billings and collections, pumping costs, and water supply costs; and

**WHEREAS**, the District is a signatory to the 2003 Quantification Settlement Agreement (“QSA”), which had the goal of conserving Colorado River water supplies, stabilizing District water supplies, and reducing California’s demand on the Colorado River. The District cosigned the QSA with the Metropolitan Water District of Southern California (“MWD”), Imperial Irrigation District (“IID”) and San Diego County Water Authority. The QSA quantifies the Colorado River water allocations of California’s agricultural water contractors for 75 years and provides for the transfer of water between agencies. Under the QSA, the District has a base allocation of 330,000 AF per year. In accordance with the QSA, CVWD entered into water transfer agreements with MWD and IID that increase the District’s Colorado River supplies up to 459,000 AF in 2026; and

**WHEREAS**, the District’s costs of purchasing water for canal water service customers consist entirely of the cost of the QSA water purchase agreement which is a “take or pay” agreement (meaning that the District pays for the predetermined quantity of water whether it uses the water or not). The Water Supply Surcharge funds the cost of QSA water purchases and will be imposed on and collected from Class 2 customers and construction customers. Class 1 customers are designated as having priority access to the District’s Colorado River water rights (300,000 AF per year). Since Class 1 canal water customers currently use less than 300,000 AF per year, those customers are not responsible for any QSA water purchase costs. In the event that Class 1 canal water customers begin to consume canal water at a rate that exceeds 300,000 AF per year, they will pay an equitable portion of the QSA water purchase costs and pay the Water Supply Charge; and

**WHEREAS**, the Quagga Mussel Surcharge is designed to recover the District’s costs of monitoring and preventing the arrival of quagga mussels in the Coachella Canal, while developing ways to combat infestation; and

**WHEREAS**, the Board of Directors now desires to adopt the proposed rates for the canal water service charges for construction meters set forth in Exhibit A.

**NOW, THEREFORE, BE IT ORDAINED** by the Board of Directors of the Coachella

Valley Water District as follows:

1. The Recitals set forth above are incorporated herein, are made findings and determinations of the Board of Directors, and made an operative part of this Ordinance.

2. The Board of Directors finds that the adoption of rates for canal water service charges for construction meters as set forth in this Ordinance are exempt from the California Environmental Quality Act (“CEQA”). Under Public Resources Code section 21080(b)(8) and State CEQA Guidelines section 15273(a), CEQA does not apply to the establishment, modification, or approval of rates, tolls, fares, or other charges by a public agency which the public agency finds are for the purpose of (1) meeting operating expenses; (2) purchasing or leasing supplies, equipment, or materials; (3) meeting financial reserve requirements; (4) obtaining funds for capital projects necessary to maintain service within existing service areas; or (5) obtaining funds necessary to maintain such intra-city transfers as are authorized by City charter. Here, the District expressly finds that the administration, operation, maintenance, and improvements of the District’s canal water system, which is to be funded by the canal water service charges for construction meters as set forth herein, are necessary to maintain service within the District’s existing service area. The Board of Directors further finds that the administration, operation, maintenance and improvements of the District canal water system, to be funded by the charges, will not expand the District’s canal water system. The Board of Directors further finds that the adoption of the rates and charges is necessary and reasonable to fund the administration, operation, maintenance and improvements of the District canal water system. Based on these findings, and for the reasons set forth herein, the Board hereby finds and determines that the adoption of the canal water service charges for construction meters established by this Ordinance are exempt from CEQA under Public Resources Code section 21080(b)(8) and State CEQA Guidelines section 15273(a).

3. The Board of Directors hereby adopts the rates for its canal water service charges for construction meters, effective August 1, 2021, in accordance with the Schedule of Rates for Canal Water Service Charges for Construction Meters set forth in Exhibit A.

4. The General Manager or his authorized designee is hereby authorized and directed to collect canal water service charges for construction meters for services provided according to the Schedule of Rates for Canal Water Service Charges for Construction Meters set forth in Exhibit A and to take all actions necessary to effectuate the rates for the charges and other authorizations set forth herein.

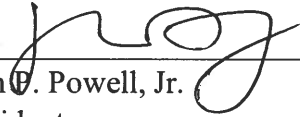
5. If any section, subsection, clause or phrase in this Ordinance or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Ordinance or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase thereof, irrespective of

the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof to any person or circumstance be held invalid.

6. All ordinances, resolutions, or administrative actions by the Board of Directors, or parts thereof, which are inconsistent with any provision of this Ordinance are hereby superseded by this Ordinance to the extent of such inconsistency.

7. This Ordinance shall take effect upon its adoption.

ADOPTED THIS 13th DAY OF JULY, 2021.

  
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John P. Powell, Jr.  
President  
Coachella Valley Water District

PASSED and ADOPTED by the Coachella Valley Water District Board of Directors during a regular meeting on this 13<sup>th</sup> day of July 2021, by the following vote:

AYES: Powell, Nelson, Aguilar

NOES: None

ABSENT: None

I further certify Ordinance No. 1429.4 was thereupon signed by the President of the Board of Directors of the Coachella Valley Water District.



Sylvia M. Bermudez, MMC  
Clerk of the Board  
Coachella Valley Water District

(SEAL)



**EXHIBIT A**  
**SCHEDULE OF RATES FOR CANAL WATER SERVICE CHARGES FOR**  
**CONSTRUCTION METERS**

**RATES FOR CANAL WATER SERVICE CHARGES FOR CONSTRUCTION METERS**  
**EFFECTIVE AUGUST 1, 2021**  
**Volumetric Charge (\$/AF)**

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<b>Fiscal Year*</b>	<b>Construction Meter Commodity Charge</b>	<b>Water Supply Surcharge</b>	<b>Quagga Mussel Mitigation Surcharge</b>
2022	\$51.33	\$67.80	\$3.18
2023	53.81	69.56	3.63
2024	55.52	71.37	4.15
2025	57.26	73.23	4.22
2026	58.77	75.13	4.31

\*Rates will be effective August 1, 2021, and will be increased each July 1 thereafter at the rates set forth in this table.