OLIVEHURST PUBLIC UTILITY DISTRICT

RESOLUTION NO. 2062

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE OLIVEHURST PUBLIC UTILITY DISTRICT
PROVIDING FOR AND ESTABLISHING A TREATMENT PLANT
CAPACITY CHARGE FOR THE WASTEWATER TREATMENT PLANT
AND NECESSARY EXPANSIONS AND IMPROVEMENTS THEREOF

WHEREAS, the Board of Directors of the Olivehurst Public Utility District ("District") owns and operates a Wastewater Treatment Plant which operates under permit issued by the Regional Water Quality Control Board of the State of California; and

WHEREAS, the District is experiencing tremendous growth and development within an area which has been, or will be, annexed to the District known as the Plumas Lake Specific Plan Area ("PLSPA"); and

WHEREAS, in order to provide for the sewage treatment requirements of the Plumas Lake Specific Plan Area, as well as to meet the expanded and stringent requirements for treatment of wastewater throughout the District imposed by the Regional Water Quality Control Board in accordance with the Clean Water Act major expansion and improvements to the District Wastewater Treatment Plant are required to serve the entire District; and

WHEREAS, the Board of Directors wishes to establish by resolution the capacity fee required for the connection of residential, commercial, and industrial customers in the District to its Wastewater Treatment Plant; and

WHEREAS, these capacity rates are approved and authorized in accordance with the provisions of Section 66013, et seq. of the Government Code of the State of California; and

WHEREAS, the capacity fee established herein required to meet the financial reserve needs and requirements of the District and to obtain funds for capital projects necessary to maintain services within the District and are therefore exempt from the requirements of the California Environmental Quality Act in accordance with Public Resources Code Section 21080(b)(8)(c) and (d).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Olivehurst Public Utility District that it does hereby establish and approve a sewer treatment capacity fee for connection to its Wastewater Treatment Plant in the amount and under the terms and conditions set forth in Exhibit "A," attached hereto, which Exhibit "A" shall constitute the District's Sewer Treatment Plant Capacity Fee Tariff.

BE IT FURTHER RESOLVED that sewer capacity fees set forth in Exhibit "A" are based on the cost of construction of the required improvements and are found reasonable and necessary for the District in accordance with reports and studies prepared by Economic Planning Systems, Inc., dated August 14th, 2003, with reports have been duly adopted and approved by the Board of Directors of Olivehurst Public Utility District and on the cost estimate of CH2M Hill in Exhibit "B",
BE IT FURTHER RESOLVED that the Board does find that establishment of the sewer capacity charges herein is exempt form the provisions of the California Environmental Quality Act under Section 21080(b) of the California Public Resources Code.

BE IT FURTHER RESOLVED that said schedule of sewer capacity fees rated and charges shall be subject to an annual inflation adjustment and shall further be subject to change in base rates determined necessary by the Board of Directors of the Olivehurst Public Utility District.

PASSED AND ADOPTED this 15th day of January 2004.

OLIVEHURST PUBLIC UTILITY DISTRICT

[Signature]
President, Board of Directors

ATTEST:

[Signature]
Deputy Clerk & ex-officio Secretary

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

[Signature]
Jeffrey A. Meith, Legal Counsel

* * * * * * * * * * *
I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted and passed by the Board of Directors of the Olivehurst Public Utility District, Yuba County, California, at a meeting thereof held on the 15th day of January, 2004, by the following vote:

AYES, AND IN FAVOR THEREOF: Director Patty, Donahue, Brown, Miller, and Carpenter.

NOES : None.

ABSTAIN : None.

ABSENT : None.

[Signature]
Deputy Clerk & ex-officio Secretary
EXHIBIT "A"

WASTEWATER TREATMENT CAPACITY FEES

1) Residential, 1 EDU - $5,250.00
   a) A Residential EDU is assumed to contribute 300 gallons per day of flow, 0.67 pounds per day of biochemical oxygen demand (BOD), and 0.50 pounds per day of total suspended solids (TSS).

2) Commercial/Industrial
   a) The commercial/industrial rates shall be based on multiples of the rate for a single EDU. The multiplier shall be determined by estimating flow, biochemical oxygen demand (BOD) and total suspended solids (TSS) using the most critical of these loading factors to produce a capacity fee for the requested commercial and industrial connections. If actual measurements of discharged loads are in excess of estimates used to determine capacity fees, then the capacity fee will be adjusted accordingly, or the commercial/industrial user shall be required to limit its discharge to those prior estimates, as determined by the District. The minimum multiplier shall be 1.0.

3) Inflation Factor - The foregoing base rate shall be subject to an annual inflation factor based on the Construction Cost Index for new wastewater treatment capacity published in the Engineering News Record (EN&R).
EXHIBIT "B"

OLIVEHURST PUBLIC UTILITY DISTRICT
WASTEWATER TREATMENT PLANT CAPACITY FEE

<table>
<thead>
<tr>
<th></th>
<th>Phase 1a</th>
<th>Phase 1b</th>
<th>Phase 1 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Estimated Construction Cost</td>
<td>$18,361,238</td>
<td>$5,467,896</td>
<td>$23,829,135</td>
</tr>
<tr>
<td>Engineering Design/Construction Svcs</td>
<td>$4,590,310</td>
<td>$1,366,974</td>
<td>$5,957,284</td>
</tr>
<tr>
<td>Administrative/Legal for Construction</td>
<td>$1,836,124</td>
<td>$546,790</td>
<td>$2,382,914</td>
</tr>
<tr>
<td>Environmental/Permitting Costs</td>
<td>$800,000</td>
<td>NA</td>
<td>$800,000</td>
</tr>
<tr>
<td>Total Project Cost (a)</td>
<td>$25,587,672</td>
<td>$7,381,660</td>
<td>$32,969,332</td>
</tr>
</tbody>
</table>

Cost Attributable to Existing Connections (b)   $-3,074,000
Cost Attributable to New Connections             $29,895,332
Number of New Equivalent Dwelling Units, or EDUs (c)      6667

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Connection Fee Per EDU for New Capacity</td>
<td>$4,484</td>
</tr>
<tr>
<td>Connection Fee Associated with the Use of Existing Facilities (d)</td>
<td>$616</td>
</tr>
<tr>
<td>CONNECTION FEE REQUIRED FOR IMPROVEMENTS PER EDU</td>
<td>$5,100</td>
</tr>
<tr>
<td>3% ADMINISTRATIVE FEE</td>
<td>$150</td>
</tr>
<tr>
<td>TOTAL CONNECTION FEE PER EDU</td>
<td>$5,250</td>
</tr>
</tbody>
</table>

Notes:

b) Reference: September 2, 2003 Technical Memorandum by CH2MILL, entitled "Wastewater Treatment Plant Initial Expansion - Documentation of August 14, 2003 Workshop Presentation", Table 2
c) Total Phase 1 Capacity is 3.0 mgd, with 2.0 mgd of new capacity allocated to 6667 new EDUs
d) The $616/EDU cost is attributable to the remaining 0.8 mgd of remaining treatment plant capacity, which is not included in the other costs shown in this table. New users are required to pay for costs associated with the plant upgrade and expansion, plus costs associated with their use of the existing remaining capacity. This cost was determined by averaging the prior connection fee of $3136 per EDU over the 13,333 new EDUs that are estimated at community buildout. The prior connection fee is assumed to represent the cost of the existing available facility improvements in this analysis.