OLIVEHURST PUBLIC UTILITY DISTRICT

RESOLUTION NO. 2067

RESOLUTION OF THE BOARD OF DIRECTORS OF
OLIVEHURST PUBLIC UTILITY DISTRICT
CHANGING THE TREATMENT PLANT CAPACITY CHARGE FOR
THE WASTEWATER TREATMENT PLANT

WHEREAS, the Board of Directors of Olivehurst Public Utility District ("District") did on January 15, 2004, adopt Resolution No. 2062, which established a Treatment Plant capacity charge for the District's Wastewater Treatment Plant (WWTP), including funds to provide for the necessary expansion and improvement thereof; and

WHEREAS, further review of the estimates of cost of the construction of the expanded WWTP confirms that said rate should be changed to reflect estimated higher construction costs; and

WHEREAS, at its regular meeting held on February 19, 2004, the District's consulting engineer supplied the data and information supporting the amount of the increased cost, and the proposed increased rate, was provided to the public and said data and information has further been available to the public at the offices of the District at least ten (10) days prior to this meeting; and

WHEREAS, the Board of Directors, at the open and regularly scheduled public meeting of the District held on March 18, 2004, has considered oral or written presentations to be made with respect to said increase; and

WHEREAS, the Board shall be required to sell bonds issued as part of a Mello-Roos Community Facilities District to finance said improvements; and

WHEREAS, upon the sale of the bonds, a higher capacity charge for connection to the WWTP shall be required in order to pay the additional financing, administrative, and issuance cost of said bonds; and

WHEREAS, data and information indicating the amount of said additional costs required
to fund the improvement and expansion of the sewer treatment plant in the event of such bond sale was supplied by Economic and Planning Systems, Inc. and has been on file with and available to the public since February 17, 2004; and

WHEREAS, the Board, at its regularly scheduled meeting of March 18, 2004, considered oral and written comments regarding the higher rates required after the sale of bonds; and

WHEREAS, the Board of Directors must amend the Sewer Treatment Plant Capacity Fee Tariff established in Resolution No. 2062; and

WHEREAS, the increase sewer treatment capacity fees established herein are required to meet the financial reserve needs and requirements of the District, and to obtain funds for the capital project known as the Sewer Treatment Plant Expansion in order to allow the District to continue to maintain sewer service within the District and, therefore, said increases are 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 authorize an increase in the sewer treatment plant capacity fee for a connection to the Wastewater Treatment Plant set forth in Exhibit A, attached hereto, to be effective March 18, 2004.

BE IT FURTHER RESOLVED that upon the date at which the District passes its resolution authorizing the sale of bonds for the Community Facilities District to fund said WWTP expansion, the revised Sewer Treatment Plant Capacity Fee Tariff representing the higher cost of treatment plant capacity fee based on the issuance, financing, and other costs associated with said CFD, set forth in Exhibit B, shall be placed in effect.

BE IT FURTHER RESOLVED that the rate set forth in Exhibit B shall be reconsidered by the Board and reconfirmed, or revised as necessary, based on further refinement of the costs of said bond issue, at the Board meeting authorizing the sale of said bonds or at the regularly scheduled meeting immediately preceding said authorization to sell bonds to fund the expansion of the District’s Wastewater Treatment Plant.
PASSED AND ADOPTED THIS 18th DAY OF MARCH 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 18th day of March 2004, by the following vote:

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

NOES : None.

ABSTAIN : None.

ABSENT : None.

Deputy Clerk and ex-officio Secretary
EXHIBIT “A”*

WASTEWATER TREATMENT CAPACITY FEES

1) Residential. 1 EDU - $5,850.00
   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).

1) 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.

1) 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).

*This rate will be effective on March 18, 2004.
<table>
<thead>
<tr>
<th>WASTEWATER TREATMENT PLANT CAPACITY FEE</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>$22,319,000</td>
<td>$6,247,000</td>
<td>$28,566,000</td>
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<td>Engineering Design/Construction Svcs</td>
<td>$5,580,000</td>
<td>$302,000</td>
<td>$5,882,000</td>
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<td>Administrative/Legal Costs, Construction</td>
<td>$1,339,000</td>
<td>$375,000</td>
<td>$1,714,000</td>
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<td>Environmental/Permitting Costs</td>
<td>$800,000</td>
<td>NA</td>
<td>$800,000</td>
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<tr>
<td>Total Project Cost (a)</td>
<td>$30,038,000</td>
<td>$6,924,000</td>
<td>$36,962,000</td>
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<td>Cost Attributable to Existing Connections (b)</td>
<td>-</td>
<td>-</td>
<td>-$3,074,000</td>
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<td>Cost Attributable to New Connections</td>
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<td></td>
<td>$33,888,000</td>
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<tr>
<td>Number of New Equivalent Dwelling Units, or EDUs (c)</td>
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<td></td>
<td>6667</td>
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<tr>
<td>Connection Fee Per EDU for New Capacity</td>
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<td>$5,083</td>
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<tr>
<td>Connection Fee Associated with the Use of Existing Facilities (d)</td>
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<td></td>
<td>$616</td>
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<td>SUBTOTAL, CONNECTION FEE PER EDU</td>
<td></td>
<td></td>
<td>$5,699</td>
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<td>Administrative Fee</td>
<td></td>
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<td>$151</td>
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<td>TOTAL CONNECTION FEE PER EDU</td>
<td></td>
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<td>$5,850</td>
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</tbody>
</table>

Notes:

a) Reference: February 2004 Schematic Design Report by CH2MHILL, entitled "Olivehurst Wastewater Treatment Plant Expansion and Upgrade, Technical Memorandum No. 1", Table 1-3.

b) Reference: September 2, 2003 Technical Memorandum by CH2MHILL, 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.
EXHIBIT “B”

WASTEWATER TREATMENT CAPACITY FEES

Residential, 1 EDU - $8,000.00
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).

1) 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.

1) 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).

*This rate will be effective on the date the Board of Directors authorizes the sale of Community Facility District Bonds to finance the expansion to the District Wastewater Treatment Plant.