

VALLEY MUNICIPAL UTILITY DISTRICT #2

ORDER 13-01

**ORDER ADOPTING
DISTRICT FEES, RATES, PENALTIES, AND CHARGES**

THE STATE OF TEXAS

COUNTY OF CAMERON

WHEREAS, Valley Municipal Utility District #2 (District) is a duly created and existing political subdivision of the State of Texas operating in accordance with Chapters 49 and 54, Texas Water Code; and,

WHEREAS, Section 49.212 of the Texas Water Code authorizes a district to adopt and enforce all necessary charges, fees, or rentals, in addition to taxes, for providing or making available any district facility or service; and,

WHEREAS, Section 49.004 of the Texas Water Code authorizes a water district to set reasonable civil penalties for the breach of any rule of the district; and

WHEREAS, the Board of Directors of the District finds and determines that it is to the best interest of the District to amend its current schedule of rates, fees, and charges for the availability of certain District facilities and services, and penalties for the violation of certain District rules.

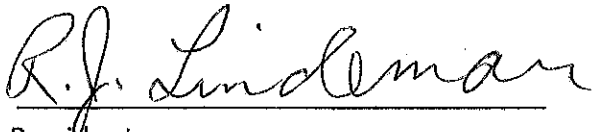
NOW THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF VALLEY MUNICIPAL UTILITY DISTRICT #2 THAT:

1. The facts and recitations found in the preamble of the Order are hereby found and declared to be true and correct, and are incorporated by reference herein and expressly made a part hereof, as if copied verbatim.
2. The revised Schedule of Rates, Fees, Charges and Penalties set forth on Exhibit "A" attached hereto of this Order.
3. The revised rates and fees set forth on the schedule Exhibit "A", attached hereto shall be effective immediately upon adoption of this Order.

4. This Order shall supersede all prior Orders or Resolutions adopted by the Board of Directors with respect to those rates, fees, charges, and penalties referenced on Exhibit "A".
5. The President and Secretary of the Board are hereby authorized and directed to execute this Order. After this Order is executed, an original Order shall be filed in the permanent records of the District.

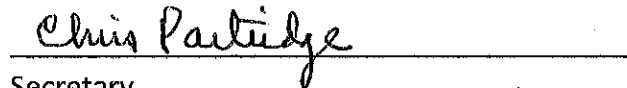
PASSED AND APPROVED on the 19th day of March 2013.

Hereby **AMENDED** on the 18th day of February 2014.



President
Board of Directors

ATTEST:



Secretary
Board of Directors

(DISTRICT SEAL)

EXHIBIT "A"

Construction Fees

- 1) Subdivision and Commercial/Multifamily Development Plan Review Fee: \$500.00 which includes up to ten plan sheets (including all standard sheets such as cover and detail sheets). Additional sheets will be charged at \$60.00 per sheet for up to 25 pages of plans. Each additional sheet in excess of 25 shall be charged \$40.00 per sheet.
- 2) Customer Service Inspection Certificate - \$100.00 will be charged for District personnel to perform Customer Service Inspections of new construction of homes and construction or alteration of swimming pools. Customer Service Inspections may also be performed by licensed City Inspectors, Plumbing Inspectors, or Water Supply Protection Specialists.
- 3) Recreational Vehicle/Park Model/Minor Remodel Inspection Fee - \$25.00 per inspection, not to exceed \$100.00.
- 4) New home or addition Permit Fee - \$50.00
- 5) Irrigation Permit Fee - \$60.00 for new systems tied into the VMUD#2 potable water system. \$25.00 for repairs to existing backflow compliant systems or for the installation/repair of systems using Resaca pumps.
- 6) Seawall Permit Fee - \$60.00
- 7) Driveway Permit Fee - \$25.00
- 8) Temporary Construction Water Meter - \$25.00 plus \$500 deposit for meter (installed and uninstalled by VMUD#2 Personnel).

Service Fees

- 9) Replace broken or cut lock - \$100.00
- 10) Restoration of water service - \$25.00 during normal business hours and \$100.00 on nights and weekends.

- 11) Installation of new taps at the customer's request, including relocation will be determined based on personnel time, equipment time, and material costs. The customer will be liable to pay for any increases in cost due to unforeseen circumstances such as conflicting utilities. Please Note that private pavement is not allowed to be placed over existing taps.
- 12) Temporary suspension of service- \$25.00 for the temporary suspension of service. The normal restoration of service fees will apply.
- 13) Modification or relocation of stormwater inlets at the customer's request will be determined based on personnel time, equipment time, and material costs. The customer will be liable to pay for any increases in cost due to unforeseen circumstances such as conflicting utilities. Please note that driveways may only be placed near or over existing storm drains with written approval from VMUD#2 after adequate modifications have been made (at the requestor's expense) so as not to negatively affect the area drainage.
- 14) After hours service calls – Customers who request service outside of normal business hours to respond to problems such as water leaks and sewer back-ups will be billed a fee of \$50.00 if it is determined that the problem is not the responsibility of VMUD#2.
- 15) Hose Bib Vacuum Breaker Installation - \$15.00 for the first one and \$10.00 each for additional installations on the same service call.

Administrative Fees

- 16) Open Records Requests
 - a. Personnel time for locating, compiling, and reproducing records - \$15.00 per hour. A \$15.00 deposit will be required for jobs estimated to take more than one hour to complete.
 - b. Letter size black and white copies - \$0.10 per page.
 - c. Legal or Tabloid sized pages and/or standard size pages using colored ink - \$0.50 per page.
 - d. DVD/CD - \$3.00 per standard disk.
- 17) Convenience Copies - \$0.25 per page for letter sized black and white sheets and \$0.75 per page for color copies or any legal or tabloid sized sheets.

18) Facsimile Services – (not related to VMUD#2 business requirements).

- a. Outgoing- \$10.00 for up to 10 pages with each additional page costing \$0.25. This price includes three attempts successful or unsuccessful. An additional charge of \$5.00 will be added for each additional three attempts.
- b. Incoming- \$5.00 for up to 10 pages with each additional page costing \$0.25.

Water/Sewer Rates

19) Change the variable rate structure and policy pertaining to the Water first tier Rate to a fixed-variable rate.

Current Tier 1: \$19.00 for the first 1,000 gallons

Current policy is to not charge for sewer service when someone requests to lock their meter when they are living in another area or are on vacation. We place a lock on for a charge of \$25.00. Normal re-connection fees will apply when service is reinstated.

Proposed rate change for Tier 1 (base Rate) would be \$19.00 which includes 1,000 gallons of water, regardless of its use.

Customer would still be charged the base (flat) rate when the service is locked out.

Reasoning:

Rate Design

i. Principles of Rate Design – Rates should be designed and schedules developed to yield the necessary cost revenue requirement. That may sound simple, but the revenue requirement is not guaranteed to the utility. Just because a rate design indicates that the revenues may be generated, it doesn't always equate to those revenues being collected or received. However, when rates are designed to reflect the true cost of service, the more consistent the cash flow. There are at least eight attributes of a good rate design:

1. Yield total revenue requirements;
2. Practical to implement;
3. Freedom from controversy of interpretation;
4. Revenue stability from year to year;
5. Stability of rates themselves;
6. Fairness of rates in recovering cost of service;
7. Avoid undue discrimination; and
8. Efficiency of rates in discouraging wasteful use (Conservation).

Basic Rate Structures

1. Fixed or flat rates – There is one charge no matter how much water is used. This design is typically used by sewer systems. It is also used by some small water systems that do not have customer meters but it is strongly discouraged by TCEQ because it does not encourage water conservation.
2. Variable rates – There is no base charge. This design does not include a “demand” component, so water is paid for as it is used. This rate structure does encourage conservation, but also causes large revenue fluctuations for the utility.
3. Fixed-variable – The fixed costs are used to calculate a base monthly charge, which represents the demand the customer can put on the system (by meter size or customer class), and may include some water. The variable costs are used to calculate a volume charge for the actual water usage. This structure is the most commonly used and also encourages conservation. Many water utilities that use this type of design are moving toward a base charge with no amount of water included in the bill, and incorporating an increasing block rate structure for the volume charge. Increasing block consumption rate structures include higher gallonage charges for the higher gallon block tiers, but they can increase financial risk and revenue fluctuations, during winter/summer season or wet/dry seasons, and do not always change customer usage patterns.

Customer: Why do I have to pay a monthly rate, whether or not I use any water?

Answer: The monthly rate is designed to recover a portion of the fixed costs incurred in providing water and sewer service to your home or business. These include the cost of maintaining the supply, treatment, distribution and service facilities, e.g. vehicles, fuel, and equipment. These are costs that we incur whether the customer uses any water or not.