



● **Board of Directors**
Finance and Insurance Committee

2/9/2016 Board Meeting

8-1

Subject

Set combined public hearing for estimated water rates and charges and ad valorem property tax for calendar years 2017 and 2018 to meet the revenue requirements for fiscal years 2016/17 and 2017/18

Executive Summary

Metropolitan's process to set water rates and charges includes the opportunity for interested parties to provide comments. Section 4304, paragraph (c), of the Administrative Code provides that the Finance and Insurance Committee will hold a meeting for interested parties to present their views on the proposed rates and charges. Section 124.5 of the Metropolitan Water District Act (the "MWD Act") requires that the Board of Directors hold a hearing prior to its consideration of whether to set aside that section's limit on the ad valorem property tax. Staff recommends that the Board schedule a combined public hearing on March 8, 2016 to receive public comments on these related matters. A separate Information Letter (Board Information Item 9-2) presents information regarding the proposed biennial budget and revenue requirements, estimated rates and charges, and ten-year financial forecast.

Details

Pursuant to Administrative Code Section 4304, the Finance and Insurance Committee receives presentations at its February meeting regarding the biennial budget and revenue requirements and recommendations regarding the estimated rates and charges for water service required to meet the revenue requirements. Pursuant to Section 4304 the committee also holds a public meeting, and may set multiple public meetings, at which interested parties may present their views to the committee regarding the recommended water rates and charges. The committee must set the time or times for such public meetings to be held prior to its regular April meeting and before the committee makes its recommendations to the Board. The committee directs the General Manager to cause the publication of a notice of the public meeting in newspapers of general circulation within Metropolitan's service area at least ten days prior to the hearing.

Section 124.5 of the MWD Act authorizes the Board to hold a hearing to consider whether that section's limit on ad valorem property taxes should be suspended. Notice of this hearing must be given to the offices of the Speaker of the Assembly and the President pro Tempore of the Senate at least ten days prior to the hearing.

The two public hearings involve issues relevant to Metropolitan's rates, charges, and property taxes, and are therefore related to the budget and revenue requirements. Staff recommends that the meetings be combined and scheduled for the Board's regular meeting on March 8, 2016. This will provide the opportunity for all interested parties to submit comments on the same date pertaining to the financial matters pertinent to the budget, revenue requirements, estimated rates and charges, and ad valorem property taxes. Parties will not be required to make separate appearances on different dates.

In addition to the proposed public hearing, additional committee meetings and workshops will allow for further opportunities for public comment. The following proposed schedule of meetings will involve presentations and discussion of the biennial budget for fiscal years 2016/17 and 2017/18 and rates and charges for calendar years 2017 and 2018:

February 8, 2016	F&I Committee, Workshop #1
February 23, 2016	Workshop #2
February 26, 2016	Notice to Legislature
March 7, 2016	F&I Committee, Workshop #3
March 8, 2016	Public hearing on estimated water rates and charges and suspension of the tax limit pursuant to Section 124.5 of the MWD Act
March 22, 2016	Workshop #4
April 11, 2016	F&I Committee, Recommend Biennial Budget and Calendar Year rates and charges; possible Workshop #5
April 12, 2016	Board action approving Biennial Budget and Calendar Year rates and charges

Recommendation

Staff recommends that the Board schedule a combined public hearing to be held at the March 8, 2016 regular meeting of the Board, at which interested parties may provide comments regarding Metropolitan's rates and charges to be effective January 1, 2017 and January 1, 2018, and input regarding any board action on the limit on ad valorem property taxes pursuant to Section 124.5 of the MWD Act, and direct the General Manager to cause publication of a notice of the meeting in newspapers of general circulation within Metropolitan's service area and provide written notice to the state Legislature, at least ten days before the hearing.

Policy

Metropolitan Water District Act Section 124.5

Metropolitan Water District Administrative Code Sections 4304 and 5107: Apportionment of Revenues and Setting of Water Rates, and Biennial Budget Process

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #2:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not defined as a project and is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

- a. Schedule a combined public hearing on March 8, 2016, to receive input on Metropolitan’s rates and charges in advance of the adoption of the biennial budget and water rates by the Board and any board action on the limit on ad valorem property taxes pursuant to Section 124.5 of the MWD Act; and
- b. Direct the General Manager to cause publication of a notice of the public hearing in newspapers of general circulation within Metropolitan’s service area, and give written notice to the offices of the Speaker of the Assembly and the President pro tempore of the Senate, at least ten days prior to the hearing.

Fiscal Impact: None

Option #2

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and set either separate or combined public hearings on a different date or dates, so long as the hearing on rates and charges is set to be held prior to the Finance and Insurance Committee and the Board’s regular April meeting.

Fiscal Impact: None

Staff Recommendation

Option #1



 Gary Breaux
 Chief Financial Officer

1/27/2016
Date



 Jeffrey Lightinger
 General Manager

1/28/2016
Date