



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

2/13/2018 Board Meeting

8-1

Subject

Adopt CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and set combined public hearing regarding (1) the proposed water rates and charges for calendar years 2019 and 2020 necessary to meet the revenue requirements for fiscal years 2018/19 and 2019/20, and (2) the ad valorem property tax for fiscal years 2018/19 and 2019/20

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 suspend that section's limit on the ad valorem property tax. Staff recommends that the Board schedule a combined public hearing on March 13, 2018, to receive public comments on these related matters. A separate Information Letter (**Board Information Item 9-2**) presents information regarding the proposed biennial budget, rates and charges necessary to meet the revenue requirements, and ten-year financial forecast, as well as a proposed Cost of Service report.

Details

Pursuant to Administrative Code Section 4304, the Finance and Insurance Committee receives presentations at its February meeting regarding the biennial budget, revenue requirements, and cost of service analysis supporting the rates and charges required during the next biennial period, and recommendations regarding the rates and charges for water service required to meet the revenue requirements. Pursuant to Section 4304 the committee also holds a public hearing, 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 hearing 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 hearing 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 specifically the revenue requirements. Staff recommends that the meetings be combined and scheduled for the Board's regular meeting on March 13, 2018. 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, rates and charges necessary to meet the revenue requirements, 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, which was also provided to the Committee at its December 2017 meeting, will involve presentations and discussion of the proposed biennial budget for fiscal years 2018/19 and 2019/20 and proposed rates and charges for calendar years 2019 and 2020:

February 12, 2018	F&I Committee, Workshop #1
By February 23, 2018	Notice to Legislature; notice to member agencies regarding public hearing for proposed rates and charges to meet revenue requirements, and notice to member agencies of proposed adoption of fixed charges
February 27, 2018	F&I Committee, Workshop #2
March 12, 2018	F&I Committee, Workshop #3
March 13, 2018	Board Meeting, Public hearing on proposed water rates and charges and suspension of the tax limit pursuant to Section 124.5 of the MWD Act
March 27, 2018	F&I Committee, Workshop #4, if needed
April 9, 2018	F&I Committee, Recommend Biennial Budget and Calendar Year rates and charges; Workshop #5, if needed
April 10, 2018	Board action regarding 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 13, 2018, regular meeting of the Board, at which interested parties may provide comments regarding Metropolitan's rates and charges to be effective January 1, 2019 and January 1, 2020, and input regarding any board action on the limit on ad valorem property taxes for fiscal years 2018/19 and 2019/20 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: Ad Valorem Tax Limitation

Metropolitan Water District Administrative Code Section 4304: Apportionment of Revenues and Setting of Water Rates

Metropolitan Water District Administrative Code Section 5107: 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 13, 2018, to receive input regarding (1) the proposed water rates and charges for calendar years 2019 and 2020 necessary to meet the revenue requirements for fiscal years 2018/19 and 2019/20, and (2) any board action on the limit on ad valorem property taxes for fiscal years 2018/19 and 2019/20 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

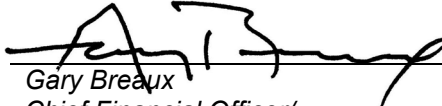
Option #2

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 proposed 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


 _____ 1/22/2018
 Gary Breaux Date
 Chief Financial Officer/
 Assistant General Manager


 _____ 1/23/2018
 Jeffrey Lightlinger Date
 General Manager