



- Board of Directors
Finance and Insurance Committee

2/9/2016 Board Meeting

[Board Letter Number]

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 budget process 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 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 financial decisions. 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 the recommended rates for water service. In addition, the General Manager presents recommendations regarding continuation of water standby or availability of service charges. Section 4304 provides for the Committee to hold a subsequent public meeting at which it receives the views of interested parties regarding these rates and charges. The public meeting is to be held before the committee makes its recommendations to the Board. Notice of the public meeting is published in newspapers within the district's service area at least 10 days prior to the hearing.

Section 124.5 of the Metropolitan Water District Act authorizes the Board to hold a hearing to consider whether that section's limits on ad valorem property tax rates should be exceeded for the fiscal integrity of the district. 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 10 days prior to the hearing.

The two public hearings involve issues relevant to the district's rates, charges, and property taxes. Staff recommends that the meetings be combined and scheduled for the Board 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 year 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 of public hearing pursuant to Section 124.5 of the MWD Act; publication in newspapers of public hearing on proposed water rates and availability of service charges
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 during the March 8, 2016 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 action on ad valorem tax rates pursuant to Section 124.5 of the MWD Act, and direct the General Manager to provide notice of the meeting by publication in newspapers within the district's service area and written notice to the State Legislature.

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 Option #1:

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).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Section 15378(b)(2) of the State CEQA Guidelines.

CEQA determination for Option #2: None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not subject to CEQA pursuant to Section 15378(b)(2) of the State CEQA Guidelines, and

- a) schedule a combined public hearing for 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 receive input on the ad valorem property tax for Calendar Year 2017 and 2018 to meet the revenue requirements for fiscal years 2017/17 and 2017/18; and
- b) direct the General Manager to publish notice of the meeting by publication in newspapers within the district’s service area, and by giving notice to the offices of the Speaker of the Assembly and the President pro tempore of the Senate.

Fiscal Impact: None

Option #2

Adopt the CEQA determination that the proposed action is not subject to CEQA pursuant to Section 15378(b)(2) of the State CEQA Guidelines and set either separate public hearings or a combined public hearing on a different date or dates.

Fiscal Impact: None

Staff Recommendation

Option # 1

<i>Name</i>	<i>Date</i>
<i>Title</i>	

<i>Jeffrey Kightlinger</i>	<i>Date</i>
<i>General Manager</i>	