



- **Board of Directors**
Finance, Affordability, Asset Management, and Efficiency

2/10/2026 Board Meeting

7-3

Subject

Set a public hearing on March 10, 2026, regarding the proposed water rates and charges for calendar years 2027 and 2028 necessary to meet the revenue requirements for fiscal years 2026/27 and 2027/28; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan's process to set water rates and charges includes the opportunity for interested parties to provide comments from February through April. Section 4304, paragraph (c), of the Administrative Code also specifically provides that the Finance, Affordability, Asset Management, and Efficiency (FAAME) Committee will hold a meeting at which interested parties will present their views on the proposed rates and charges prior to the Board's regular Board meeting. Staff recommends that the Board schedule a public hearing on March 10, 2026, to receive public comments on the proposed rates and charges for calendar year (CY) 2027 and CY 2028. A separate Information Letter (February 10, 2026 Board Information Item 9-1) presents information regarding the proposed biennial budget, rates and charges necessary to meet the revenue requirements, ten-year financial forecast, and a Cost of Service Report supporting the proposed rates and charges.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Set a public hearing on March 10, 2026, regarding the proposed water rates and charges for calendar years 2027 and 2028 necessary to meet the revenue requirements for fiscal years 2026/27 and 2027/28.

Fiscal Impact: None

Business Analysis: Setting a public hearing allows the public to comment on the proposed rates and charges one month after staff has presented the proposal to the Board in February and a month before the Board considers the proposal for action in April. The hearing is proposed for a date after the publication in late January 2026 of the proposal for budget, rates, charges, and supporting material.

Option #2

Set a public hearing on a different date, so long as the hearing on proposed rates and charges is set to be held prior to the Finance, Affordability, Asset Management, and Efficiency Committee and the Board's regular April meeting.

Fiscal Impact: None

Business Analysis: Hearings should be set in time to allow review of the proposed budget, rates, charges, and supporting material. Hearings should also be set in advance of the Board's consideration of the proposal in April 2026.

Alternatives Considered

Not applicable

Applicable Policy

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

April 14, 2026	Board action regarding Biennial Budget for FYs 2026/27 and 2027/28, rates and charges for CYs 2027 and 2028, and Ten-year Financial Forecast
May 12, 2026	Board action regarding continuation of Standby Charge for FY 2026/27
August 11, 2026	Board action regarding fixing ad valorem property taxes for FY 2026/27

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves organizational, maintenance, or administrative activities; personnel-related actions; and/or general policy and procedure making that will not result in direct or indirect physical changes in the environment. (Public Resources Code Section 21065; State CEQA Guidelines Section 15378(b)(2) and (5)).

CEQA determination for Option #2:

None required

Details and Background

Background

Pursuant to Administrative Code Section 4304, the FAAME Committee receives presentations at its February meeting regarding the biennial budget (which includes the Capital Investment Plan or CIP), 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.

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 proposed biennial budget for fiscal years 2026/27 and 2027/28, and proposed rates and charges for calendar years 2027 and 2028:

February 10, 2026	FAAME Committee, Workshop #1
February 24, 2026	FAAME Committee, Workshop #2
March 10, 2026	FAAME Committee, Workshop #3 and public hearing on proposed rates and charges
March 24, 2026	FAAME Committee, Workshop #4 (if needed)
April 14, 2026	Board action regarding Biennial Budget for FYs 2026/27 and 2027/28, rates and charges for CYs 2027 and 2028, and 10-year Financial Forecast
May 12, 2026	Board action regarding continuation of Standby Charge for FY 2026/27
August 11, 2026	Board action regarding fixing ad valorem property taxes for FY 2026/27

Recommendation

Staff recommends that the Board schedule a public hearing on March 10, 2026, at the regular meeting of the Board, at which interested parties may provide comments regarding Metropolitan's proposed rates and charges to be effective January 1, 2027, and January 1, 2028. By setting the hearing, the Board is also directing the General Manager to cause publication of a notice of the meeting in newspapers of general circulation within Metropolitan's service area at least ten days before the hearing.


 _____ 1/28/2026
 Katano Kasaine Date
 Assistant General Manager/
 Chief Financial Officer


 _____ 1/28/2026
 Shivaji Deshmukh Date
 General Manager