



- **Board of Directors**

- Finance, Audit, Insurance, and Real Property Committee***

2/13/2024 Board Meeting

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7-13

## Subject

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Set a public hearing on March 12, 2024, regarding the proposed water rates and charges for calendar years 2025 and 2026 necessary to meet the revenue requirements for fiscal years 2024/25 and 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

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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, Audit, Insurance, and Real Property 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 12, 2024, at its regular March board meeting, to receive public comments on the proposed rates and charges for calendar year (CY) 2025 and CY 2026. A separate Information Letter (February 12, 2024, Board Information Item 9-5) 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

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### Staff Recommendation: Option #1

#### Option #1

Set a public hearing on March 12, 2024, regarding the proposed water rates and charges for calendar years 2025 and 2026 necessary to meet the revenue requirements for fiscal years 2024/25 and 2025/26.

**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 2024 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 are set to be held at least ten days prior to the Finance, Audit, Insurance, and Real Property 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 2024.

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**Alternatives Considered**

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Not applicable

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**Applicable Policy**

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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

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

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Not applicable

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**California Environmental Quality Act (CEQA)**

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**CEQA determination for Option #1:**

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or 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. (State CEQA Guidelines Section 15378(b)(4).)

**CEQA determination for Option #2:**

None required

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**Details and Background**

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**Background**

Pursuant to Administrative Code Section 4304, the Finance, Insurance, Audit, and Real Property (FAIRP) 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 hearings 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. Since 2012, the public hearing has been held at the Board's regular March meeting to combine the hearing with the hearing on the applicability of Section 124.5 to the ad valorem tax rates. This year, although a hearing is not required on Section 124.5 for the proposal, staff recommends the hearing be held at the Board meeting rather than at the FAIRP meeting for consistency with past years.



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 2024/25 and 2025/26 and proposed rates and charges for calendar years 2025 and 2026:

February 12, 2024	FAIRP Committee, Workshop #1, proposed biennial budget, rates, and charges
February 27, 2024	FAIRP Committee, Workshop #2, proposed biennial budget, rates, and charges
March 11, 2024	FAIRP Committee, Workshop #3, proposed biennial budget, rates, and charges

March 12, 2024	Public hearing on proposed rates and charges
March 26, 2024	FAIRP Committee, Workshop #4, if needed
April 8, 2024	FAIRP Committee, if needed
April 9, 2024	Board action regarding biennial budget, rates, and charges

***Recommendation***

Staff recommends that the Board schedule a public hearing on March 12, 2024, 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, 2025, and January 1, 2026. 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.

	1/23/2024
Katano Kasaine Assistant General Manager/ Chief Financial Officer	Date
	1/24/2024
Adel Hagekhalil General Manager	Date