

# **RATE STUDY PROCESS AND PROPOSITION 218**

Town Hall Forum  
March 8, 2018



**PALMDALE WATER DISTRICT**  
A CENTURY OF SERVICE

# **RATE STUDY PROCESS**

- DEVELOP & ISSUE REQUEST FOR PROPOSAL (RFP) FOR CONSULTING SERVICES
- RFP DEFINES SCOPE OF WORK
  - WATER RATE ANALYSIS
  - MULTI-YEAR WATER RATE PLAN (USUALLY 5 YEARS)
  - PROP 218 PROCESS - PUBLIC OUTREACH SUPPORT

# **RATE STUDY PROCESS**

- MEET WITH CONSULTANT TO DISCUSS GOALS OF 5-YEAR PLAN
  - CAPITAL PROJECTS
  - DEBT ISSUANCE
  - RESERVE LEVELS

# RATE STUDY PROCESS

- CONSULTANT RETURNS RECOMMENDED RATE MODEL
  - EXCEL MODEL FOR VARIOUS SENARIOS
  - PRESENTATION OF RESULTS TO BOARD OF DIRECTORS
  - BOARD ADOPTS RESOLUTION ACCEPTING FINDINGS OF STUDY
  - BOARD ADOPTS RESOLUTION APPROVING PROP 218 NOTICE OF ANY RATE ADJUSTMENT
  - BOARD SETS PUBLIC HEARING DATE (45 DAYS AFTER ADOPTION)
  - PROP 218 NOTICES MAILED TO PARCEL OWNERS WITHIN DISTRICT BOUNDARIES

# **RATE STUDY PROCESS**

- PUBLIC INFORMATION OUTREACH BEGINS
  - INFORMATIONAL FLYERS MAILED
  - BILL INSERTS
  - PUBLIC WORKSHOPS
  - RATEPAYERS SURVEY

# **RATE STUDY PROCESS**

- PUBLIC HEARING HELD AT END OF 45-DAY PERIOD
  - PROTESTS RECORDED
  - BOARD ADOPTS RESOLUTION APPROVING NEW 5-YEAR RATE PLAN

# PROPOSITION 218

- PROP 218 - ADOPTED INITIATIVE CONSTITUTIONAL AMENDMENT ON NOV. 5, 1996, STATEWIDE ELECTION BALLOT
- PROP 218 - AMENDED CALIF. CONSTITUTION BY ADDING ARTICLE XIII C AND ARTICLE XIII D AS RELATED TO VOTER APPROVAL REQUIREMENTS FOR LOCAL GOVERNMENT TAXES
- ARTICLE XIII D - ASSESSMENT AND “PROPERTY-RELATED” FEE REFORMS APPLICABLE TO LOCAL GOVERNMENTS (CONSIDERED NEW TYPE OF FEE)
- 2002-2006, LEGAL CHALLENGES TO INTERPRETATION OF “PROPERTY-RELATED” FEES
- CALIF. SUPREME COURT 2006 - UTILITY CHARGE IMPOSED BY AN AGENCY FOR ONGOING WATER DELIVERY, INCLUDING CONSUMPTION-BASED UTILITY CHARGE, WAS A “PROPERTY-RELATED” FEE

# PROPOSITION 218

- SUPREME COURT DEFINITIVE – NUMBER OF REQUIREMENTS WENT INTO EFFECT
  - SUBDIVISION (A) OF SECTION 6 OF ARTICLE XIII D – PROCEDURES AN AGENCY MUST FOLLOW FOR ANY NEW OR INCREASED PROPERTY-RELATED FEE OR CHARGE
  - PROCEDURES REQUIRE WRITTEN NOTICE, ONE PUBLIC HEARING, AND OPPORTUNITY TO FORMALLY PROTEST PROPERTY-RELATED FEE OR CHARGE

# PROPOSITION 218

- WRITTEN NOTICE REQUIREMENT
  - AGENCY MUST PROVIDE WRITTEN NOTICE BY MAIL
  - WRITTEN NOTICE MUST INCLUDE:
    - AMOUNT/RATE OF PROPERTY-RELATED FEE OR CHARGE PROPOSED
    - BASIS OF CALCULATION
    - REASON(S) FOR FEE/CHARGE, DATE, TIME AND LOCATION OF PUBLIC HEARING

# PROPOSITION 218

- PUBLIC HEARING REQUIREMENT
  - AGENCY MUST CONDUCT AT LEAST ONE PUBLIC HEARING
- MAJORITY PROTEST FOR PROPERTY-RELATED FEES AND CHARGES
  - PROP 218 ALLOWS RECORD OWNERS TO FORMALLY PROTEST
  - ONLY ONE WRITTEN PROTEST PER PARCEL MAY BE COUNTED
  - MAJORITY PROTEST PROVISION

# PROPOSITION 218

- FIVE REQUIREMENTS THAT EVERY PROPERTY-RELATED FEE OR CHARGE MUST SATISFY
  1. REVENUES MUST NOT EXCEED FUNDS REQUIRED TO PROVIDE SERVICE
  2. REVENUES MUST NOT BE USED FOR ANY OTHER PURPOSE
  3. AMOUNT MUST NOT EXCEED THE PROPORTIONAL COST OF THE PROPERTY-RELATED SERVICE ATTRIBUTABLE TO THE PARCEL
  4. NO FEE/CHARGE MAY BE IMPOSED UNLESS SERVICE IS USED BY, OR IMMEDIATELY AVAILABLE TO, OWNER OF PROPERTY
  5. NO FEE/CHARGE MAY BE LEVIED FOR GENERAL GOVERNMENTAL SERVICES

**QUESTIONS ?**



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