

This brief is being provided to inform the Board, staff and public of the details of an agenda item that requires action from the Board. The President of the Board will provide board members, staff, and the public the opportunity to ask questions about this topic when this agenda item is announced.

**Date: 15 June 2022**

**Originator:** Board President

**Purpose:** Review the results of the HEC Cost of Service Rate Study, to engage the public and answer questions related to said study, to review protests (if any), and to make decisions regarding water and sewer rates.

\*\*\*\*\*

**1. Background:**

Proposition 218 was passed to ensure that all taxes and most charges on property owners are subject to voter approval. It established a new category of fees and charges, referred to as “property related fees and charges” to include water, sewer and solid waste disposal fees imposed on the property owners who directly receive or benefit from those services. In order for a special district to adopt rate increases to these property related fees, it must comply with the substantive requirements of Proposition 218.

Having not raised water and sewer rates in 11 years, and not conducted a rate study in 15 years, the District engaged Hansford Economic Consultants to conduct a detailed cost of service rate study in full compliance with the requirements of Proposition 218. The results of that study, available on the District’s website, indicate the real requirement for an increase in both water and sewer rates. The CSD provided notice the ongoing study, the results, and the proposed rate increase over the last year via several required notices giving customers the opportunity to review and ask questions.

Under Proposition 218, ratepayers and property owners have the right to oppose the proposed water and sewer rate increases. The Public Hearing held on June 15, 2022, the final step in the 218 process, provides the Board of Directors the opportunity to explain the recommended rate changes and allows the public to ask questions. Protests must be submitted in writing to be valid, even if a customer attends the public hearing. If written protests are submitted by a majority of affected parcel owners, the proposed rate changes cannot be imposed.

**2. Action:**

At the conclusion of the public hearing, the Board of Directors will consider adopting the proposed rate increases. If, at the close of the public hearing, complete and valid written protests are submitted by the record owners for the majority of the parcels served by the District’s water or wastewater utility (50% plus one, a “majority protest”), the Board of Directors cannot approve the proposed rate increases. If, at the close of the public hearing a majority protest does not exist for water or wastewater increases, the Board of Directors may impose the rates presented in this notice.