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**File No.:** 18-0377

**Agenda Date:** 5/8/2018

**Item No.:** \*2.10

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## SUPPLEMENTAL BOARD AGENDA MEMORANDUM

### **SUBJECT:**

Adoption of Groundwater Production and Other Water Charges for District Fiscal Year 2018-2019.

### **REASON FOR SUPPLEMENTAL MEMORANDUM:**

The audited results for the FY 2018-19 proposed groundwater production and surface water charge protest procedures were not available in time for the 10-day posting.

### **RECOMMENDATION:**

- A. Adopt a resolution increasing the District's groundwater production charges effective July 1, 2018 and DETERMINING GROUNDWATER PRODUCTION CHARGES FOR FISCAL YEAR 2018-2019; and
- B. Adopt a resolution increasing the District's surface water charges, treated water charges and South County recycled water charges effective July 1, 2018 and DETERMINING RAW SURFACE WATER, TREATED WATER, AND SOUTH COUNTY RECYCLED WATER CHARGES FOR FISCAL YEAR 2018-2019.

### **SUMMARY:**

Following the April 24, 2018 conclusion of the public hearing regarding the Protection and Augmentation of Water Supplies report, the process to validate and tabulate all protests received began. Opportunity was given to the public to observe the process. As verified by an external, independent third-party auditor from C.G. Uhlenberg, staff received 41 protest envelopes. Of the 41 received, 5 (5 for groundwater production charges and 0 for surface water charges) were deemed invalid. Five of the invalid protests were due to no well on the specified parcel. The Office of District Counsel confirmed the invalid designation of all 5 protests.

With the oversight of the third-party auditor, the District's Clerk of the Board has determined that a majority of groundwater well owners and/or parcel owners did not protest in either North County (Zone W-2) or South County (Zone W-5). Following parameters outlined in Resolution 12-11 and through detailed procedures that were deemed unbiased and proper by the independent third-party external auditor, the Clerk of the Board identified the following number and percentage of protests

that were valid:

	North County, Zones W2 wells	North County, Zone W2 parcels	South County, Zone W5 wells	South County, Zone W5 parcels
Total Valid Protests	21	16	15	13
Total Number of Record Owners	2,125	1,117	4,517	3,661
% of Valid Protests	1.0 %	1.4 %	0.3 %	0.4 %

Additionally, with oversight from the same auditor, the District's Clerk of the Board has determined that a majority of surface water operators and/or parcel owners did not protest in either North County (Zone W-2) or South County (Zone W-5). Following parameters outlined in Resolution 12-10 and through detailed procedures that were deemed unbiased and proper by the third-party external auditor, the Clerk of the Board identified the following number and percentage of protests that were valid:

	North County, Zones W2 Surface Water accounts	North County, Zone W2 Surface Water parcels	South County, Zone W5 Surface Water accounts	South County, Zone W5 Surface Water parcels
Total Valid Protests	0	0	0	0
Total Number of Record Owners	47	46	80	79
% of Valid Protests	0%	0%	0%	0%

Since the valid protests received for Zone W-2 and Zone W-5 from well owners, surface water operators, and respective parcel owners are less than a majority, there is no impediment in proceeding with the water charges that are at or below those recommended by staff.

#### FINANCIAL IMPACT:

If the Board approves the recommended groundwater production and other water charges, the Water Utility should have sufficient funding for planned operations and capital improvement projects for fiscal year 2018-19.

#### CEQA:

The recommended action, the holding of a public hearing is not a project under CEQA. Further, establishment of groundwater production charges is not a project under CEQA. CEQA Guidelines Section 15273(a) reads as follows: CEQA does not apply to establishment or modification of charges by public agencies which the public agency finds are for the purpose of meeting operating expenses; purchasing or leasing supplies, equipment and materials; meeting financial reserve needs/requirements; and obtaining funds for capital projects needed to maintain service within existing service areas.

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**ATTACHMENTS:**

None

**UNCLASSIFIED MANAGER:**

Nina Hawk, 408-630-2736

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