



Staff Report

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Yountville Town Council Staff Report

DATE: February 20, 2018
TO: Mayor and Town Council
FROM: Maria Ojeda, Finance Director

TITLE

Consider Adoption of Resolution Number 18-3458 Establishing a Revised Schedule of Water and Wastewater Rates and Charges and Miscellaneous Water Related Utility Service Fees and Conduct a Public Hearing and Proposition 218 Majority Protest Procedure Regarding Proposed Water and Wastewater Rate Adjustments.

DISCUSSION/BACKGROUND

On December 5, 2017, the Town Council received and filed the water and wastewater rate study completed by Bartle Wells and Associates, during the meeting a presentation was given to summarize the findings of the rate study and the recommendation from the Town Council Ad-Hoc Committee comprised of Mayor John Dunbar and councilmember Margie Mohler. During the meeting, multiple options were discussed and the subcommittee balanced meeting the needs of an aging system as well as the impact to rate payers. The Town Council Ad-Hoc Committee also supported of a rate increase of no more than 7% for water (with a subsidy from the Drought Reserve Fund of \$200,000) and 12% for wastewater. This option also smooths rates over time by drawing down on existing enterprise fund balance. In essence, using existing financial resources to keep the 7% and 12% increase stable while still building fund balance over time to provide the ability to respond to emergencies and take on debt if necessary.

The outcome of the December 5, 2017 meeting resulted in authorization of Town staff to draft and issue the Proposition 218 notice and protest forms and mail them to the owner of record. The Town Council also had a majority vote in support of a rate increase of no more than 7% for water (with a subsidy from the Drought Reserve Fund of \$200,000) and 12% for wastewater as described earlier in this report.

Subsequent to the December 5th approval, staff printed and mailed the Proposition 218 notices, and a total of 880 notices were mailed on December 28, 2017.

On February 6, 2018, the Town conducted an Informational Workshop to receive input and answer questions from the public about the proposed rate increase.

The Proposition 218 process requires that protest forms be submitted in writing with specific information. The Town has received protest forms by mail and personal hand delivery during business hours. The protest forms have been held confidential by the Town Clerk. Proposition 218 also prescribes that 50%+1 (or 441 valid protest forms) are needed to cause the proposed rate increase to fail.

During this meeting, the Town Council will close the public hearing and receive a report from the Town Clerk

pursuant to Sections 11 and 12 of the Guidelines for the Submission and Tabulation of Protests in Connection with Rate Hearings Conducted by the Town of Yountville Pursuant to Article XIID, Section 6 of the California Constitution (Resolutions 17-3448 and 18-3452) as follows:

SECTION 11: Tabulation of Protests.

At the conclusion of the public hearing, the Town Clerk shall tabulate all protests received, including those received during the public hearing, and shall report the result to the Town Council. If the number of protests received is insufficient to constitute a majority protest, the Town Clerk may determine the absence of a majority protest without validating the protests received, but may instead deem them all valid without further examination. Further, if the number of protests received is obviously substantially fewer than the number required to constitute a majority protest, the Town Clerk may determine the absence of a majority protest without opening the envelopes in which protests are returned.

SECTION 12: Report of Tabulation.

If at the conclusion of the public hearing, the Town Clerk determines that he or she will require additional time to tabulate the protests, he or she shall so advise the Town Council, which may adjourn the meeting to allow the tabulation to be completed on another day or days. If so, the Town Council shall declare the time and place of tabulation, which shall be conducted in a place where interested members of the public may observe the tabulation, and the Town Council shall declare the time at which the meeting shall be resumed to receive and act on the tabulation report of the Town Clerk.

Should Section 12 apply, staff is prepared to complete the tabulation process on February 21, 2018 in the Council Chambers at 10:00 a.m. The Town Council may adjourn the council meeting to a date in February after the February 21, 2018 tabulation is completed to receive and act on the tabulation results.

If less than 441 protest forms are received and Section 11 applies, the Town Council will close the public hearing and consider the resolution to adopt the proposed rate increases for water and wastewater or discuss rates that are no higher than 7% for water and 12% wastewater.

ENVIRONMENTAL REVIEW

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

FISCAL IMPACT

Is there a Fiscal Impact? Yes

Is it Currently Budgeted? No

Where is it Budgeted? Water and Wastewater Enterprise Funds

Is it Mandatory or Discretionary? Discretionary

Is there a Staff Resource Impact? Yes

STRATEGIC PLAN GOAL

Is item Identified in Strategic Plan? Yes

If yes, Identify Strategic Goal and Objective. **Responsible Fiscal Policy:** The Town maintains its fiscal health through policies designed to maximize economic opportunities, manage expenses, and ensure prudent reserves.

Briefly Explain Relationship to Strategic Plan Goal and Objective. The Town Council is responsible for implementing a utility rate structure that will fund the operation of the Water and Wastewater Enterprise Funds in a fiscally responsible manner in compliance with State and Federal regulatory guidelines and which does not operate in a deficit position and is fully funded by utility rates.

ALTERNATIVES

If there are less than 441 protest forms submitted, the Town Council may do one of the following:

- 1) Adopt the proposed rates which propose a 7% increase (with a \$200,000 subsidy from the Drought Reserve Fund) for water and a 12% increase for wastewater. Or
- 2) Discuss a rate lower than 7% (with a \$200,000 subsidy from the Drought Reserve Fund) for water and 12% for wastewater.

RECOMMENDATION

Receive staff report and direct questions to staff.

Receive the applicant's presentation.

Conduct public hearing and receive testimony.

Conduct Council discussion on proposed Resolution.

At the Conclusion of Council Discussion, the Mayor shall:

1 - Close the Public Hearing.

2 - Receive a count from the Town Clerk on the number of protest forms received.

3 - If 441 or more protest forms are received in accordance with the Town's adopted Protest Procedures for the administration of the Proposition 218 process, the Town Council may adjourn the meeting and the protest forms received up to the close the public hearing will be tabulated on Wednesday, February 21, at 10 a.m. in the Council Chambers. The tabulation process will determine if the proposed rates can be adopted at a meeting to be held sometime in February after the February 21 tabulation process or if the proposed rates fail due to receiving 50%+1 valid protest forms. Or

4 - Adopt Resolution Number 18-3458 Establishing a Revised Schedule of Water and Wastewater Rates and Charges and Miscellaneous Water Related Utility Service Fees and Conduct a Public Hearing and Proposition 218 Majority Protest Procedure Regarding Proposed Water and Wastewater Rate Adjustments.