SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-B**

FROM: Steve Mack, General Manager

Meeting Date: January 7, 2010

SUBJECT: ORDINANCE 43, APPROVING CHANGES TO RATES AND FEES BY RESOLUTION

RECOMMENDED ACTION: Introduce, by reading of title only, Ordinance 43 which authorizes the Board to approve District water charges by resolution.

FISCAL IMPACT: none

DISCUSSION:

The District currently approves water rates and fees (water rates) by ordinance which requires an introduction at a public meeting, adoption at the next meeting, and then the rates become effective 30 days after adoption. Concurrent with that process is the Proposition 218 process which requires noticing of all property owners 45 days prior to consideration of new water rates with a required public hearing, and the budget process, which is a multi-month effort, as well, and is the deliberation that determines whether there is a financial reason for changing water rates. The District currently coordinates the Prop 218 process with a water rate ordinance by combining the Prop 218 public hearing with the introduction of the water rates ordinance. In that manner two required public hearings are served at one meeting. This requires that the budget must be completed prior to these public hearings – water rates are based on budget requirements. Coordinating the three processes is a challenge and the multi step ordinance procedure does not serve our customers in any significant way.

Many water agencies – water districts and cities – approve water rates by resolution. Resolutions require only one meeting, the approved action become effective immediately, and the procedure, needing only one meeting, is easier to coordinate with Prop 218 and the budget process.

The District Policies and Procedures is silent on the rate approval process but there are water rate and charges-related policies scattered in a number of different locations in the 3000's section of the Policies and Procedures. The attached Ordinance 43 introduces a new section 3900 in which the recommended approval process will be located and, with the Policy and Procedures cleanup, existing appropriate water charges-related policies will be migrated.

Staff recommend introduction of Ordinance 43. Coordination with Prop 218 will be easier, the budget process will have one more month, if needed, and the public will be served at an equal, if not better, way.

ORDINANCE NO. 43

AN ORDINANCE OF SWEETWATER SPRINGS WATER DISTRICT ADDING POLICY NUMBER 3900 TO THE DISTRICT'S POLICY AND PROCEDURES ALLOWING WATER RATES TO BE SET BY RESOLUTION

WHEREAS, pursuant to Water Code §31007, Sweetwater Springs Water District ("District") is authorized to establish rates and charges ("Rates") sufficient to pay for operating expenses, provide for repairs and depreciation of works and pay for the principal and interest on debt; and

WHEREAS, pursuant to Water Code §31025, the District Board of Directors ("Board") is authorized to fix Rates, and through its General Manager collect fees necessary to operate and maintain District services based on those Rates; and

WHEREAS, although the Board has historically adopted Rates for the provision of water services through the adoption of ordinances, there is no requirement that it do so; and

WHEREAS, the Board has determined that it is more expeditious and in the best interest of the District to establish Rates through the adoption of resolutions, in accordance with all applicable laws governing the establishment of, and changes to, such Rates, including without limitation, water capacity charges, connection fees, standby charges, and rates for the production, treatment and delivery of water.

NOW THEREFORE BE IT ORDAINED by the Board of Directors of the Sweetwater Springs Water District, County of Sonoma, as follows:

Section 1. Policy Number 3900, Charges for District Services, of the Sweetwater Springs Water District Policy & Procedures is hereby added as follows:

3900.10. **Approval of Charges for District Services by Resolution**. Rates and charges that are necessary or appropriate to operate and maintain the District, including rates and charges that are collected for providing water service and for repaying debt service, may be set by a duly adopted resolution, in accordance with and pursuant to all applicable laws governing the establishment of, and changes to, such rates and charges unless otherwise required to be adopted by ordinance.

Section 2. The Board declares that the operation and maintenance costs incurred by the District for production, treatment and distribution of potable water are not excessive and are directly related to actual cost of providing water service to District customers. The Board also declares that the fees and charges set for repaying loans incurred for capital projects are directly related to the repayment of those loans. All residential, public, commercial and industrial customers receiving water service from the District shall pay Rates as established and fixed from time to time by resolution of the Board at a Board meeting in accordance with applicable laws.

Section 3. If any section, subsection, sentence, clause of phrase of this Ordinance is for any reason held by a court of competent jurisdiction to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of the Ordinance. The Board hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause and phrase thereof irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases may be held invalid or unconstitutional.

Section 4. Effective Date. This ordinance shall become effective thirty (30) days after the date of its adoption by the Board of Directors.

This Ordinance was introduced this 7th day of January, 2010, on roll call by the following vote:

Jim Quigley _____
Gaylord Schaap: _____
Victoria Wikle: _____
Wanda Smith: _____
Sukey Robb-Wilder: _____

_____
Jim Quigley
President of the Board

ATTEST:

_____
Julie A. Kenny
Clerk of the Board