

MINUTES OF THE FINANCE COMMITTEE
OF MT. VIEW SANITARY DISTRICT
JANUARY 8, 2013

The Finance Committee of the Mt. View Sanitary District convened a duly Noticed Committee Meeting at the Mt. View Sanitary District Conference Room, 3800 Arthur Road, Martinez, County of Contra Costa, State of California on January 8, 2013 at 10:04 a.m.

ROLL CALL

PRESENT: President Elmer "Al" J. Schaal and Director Stanley Caldwell

ABSENT: None

Also Present: STAFF – District Manager Michael D. Roe and Assistant District Manager Neal B. Allen

PUBLIC COMMENT

None

NEW BUSINESS

1. DISCUSSION OF POTENTIAL RATE AND FEE ADJUSTMENTS BASED ON CONSUMER PRICE INDEX

District Manager Roe and Assistant District Manager Allen presented information on the District's Rate History as well as the change in Consumer Price Index (CPI) over the same period of time. In 2006, the District raised rates significantly to fund the State mandated Sanitary Sewer Management Plan (SSMP) and included an adjustment for change in CPI. The presentation noted that from June 2006 through June 2010, District rates increased almost 29% with no additional increases since June 2010 to the current fiscal year. Over this same period, the CPI has increased over 15%, effectively eroding half of the previous rate increases. The presentation also noted that the District has weathered this impact through reducing operating and capital costs without impacting service levels.

Staff noted that the Average Annual CPI for 2012 was not yet available but based on the calculated change in CPI for December 2011 to October 2012 of approximately 2.4, staff was projecting a 3% change in CPI for 2012. This projection was also reflected by mid-year budget

analysis showing a 4% increase in year to date expenditures compared to the prior year.

Staff concluded the presentation with a recommendation that the District rates and charges keep up with inflation to maintain current levels of service.

2. DISCUSSION OF PROCESS AND COMPLIANCE WITH PROPOSITION 218

Assistant District Manager Allen presented information on the requirements for raising rates and fees that were included in Proposition 218 and subsequent legislation and case law. The biggest impact on the process is the requirement to provide written notice by mail of the proposed fee or charge to the property owner of record for each identified parcel upon which the fee or charge is proposed. The notice must include the amount of the proposed fee or charge, the basis upon which the amount was calculated, the reason for the fee or charge, and the date, time and location of a public hearing on the proposed fee or charge.

The public hearing must be at least 45 days after the mailing of the required notice.

State also allows wastewater agencies to adopt a schedule of fees and charges, provided the schedule does not exceed 5 years and includes clearly defined formula for adjusting for inflation. The public agency must provide notice of the adjustments 30 days in advance of the adjustment becoming effective.

Staff concluded the presentation with a recommendation that the District initiate the Proposition 218 process, develop a 5 year schedule of fees based solely on inflationary adjustments consistent with changes in the CPI, and asked the Committee for direction to bring these recommendations to the Board of Directors at either the February or March Board of Directors meeting.

3. PROVIDE DIRECTION TO STAFF

The Committee directed staff to prepare staff reports and recommendations for the February Board of Directors Meeting to initiate the 218 process in anticipation of the need to adjust the District Rates and Charges by up to the percent change in annual average CPI as identified in the District Code.

ADJOURNMENT

Business having been concluded, the meeting was adjourned at 10:38 a.m.



Neal Allen, Assistant District Manager