

Policy Type: Florin Resource Conservation District Board of Directors
Policy Title: Water Service Charges and Rate Setting Policy
Date Adopted: February 18, 2020
Resolution No: 02.18.20.02
Date Amended:

I. PURPOSE

The purpose of this policy is for the Florin Resource Conservation District/Elk Grove Water District (District) to have cost-based water service charges (Charges) and rates (Rates) that are fair, equitable, and defensible. The basis for establishing Charges and Rates that are fair, equitable, and defensible has traditionally been cost of service principles and methodologies. At the same time, the courts have historically recognized that municipal entities can take into account policy items other than strictly cost of service when establishing Charges and Rates. California, however, has established certain legal constraints on setting Charges and Rates pursuant to Proposition 218.

II. POLICY

This policy is intended to establish water rates and charges for the District using the “generally accepted” rate setting and costing methodologies, including establishing appropriate cost bases for any existing or future water rate structure imposed or proposed on District ratepayers, and in compliance with all applicable laws. The District shall also provide notice and conduct a public hearing in accordance with Proposition 218, shall hear all public testimony regarding the proposed assessments, and accept protests until the close of the public hearing.

III. REVIEWS AND UPDATES

Staff shall closely monitor the financial and rate performance of the District to help maintain adequate rates and charges through:

- A. Annual Reviews – District rates will be reviewed annually, as part of the budget process, to determine the adequacy of revenues and as necessary, make adjustments to reflect inflation, construction needs, maintain bond covenants, and avoid major increases.
- B. Comprehensive Rate Studies – District rate studies will be conducted, at a minimum, every five (5) years to update assumptions and plan for the long-term solvency and viability of the District’s water services.
 1. The District Board of Directors (Board) shall establish a Community Advisory Committee comprised of Elk Grove Water District ratepayers to provide input during the comprehensive rate study process.

IV. OVERSIGHT

The General Manager and Treasurer are responsible for the adherence to this policy and regular reporting of the District’s financial status to the Board for their oversight.